

# DUN'S REVIEW

JUNE 1952

35¢

## BUILDING

### *for Balance*



**JAMES J. NANCE**

*President, Packard Motor Car Company*

WHILE defense work should have priority in industrial planning, the best assurance of maintaining a strong economy as the necessary foundation for a rearmament program is to keep our civilian businesses sound. A business with long-range growth objectives should plan to emerge at the completion of the rearming period with strengthened plant facilities, and with more highly skilled manpower so as to be equipped to reach those objectives. In this way, management can make sure that business grows with the expanding potential of the economy.

Government planners estimate that by 1953 American industry will be able to supply the largest peacetime military machine in our history, and still produce civilian goods equal to the 1950 volume. This situation poses two important challenges to business management: keeping so far as possible a company's work force and management team intact; and finding means to expand and develop civilian markets.

It would be a serious error to assume that when the defense phase of the expansion is completed, bigger markets will automatically consume the larger volume of goods our factories will be able to produce, even though all business indicators point to a long range favorable economic climate and population is expected to rise.

*Continued on page 13*



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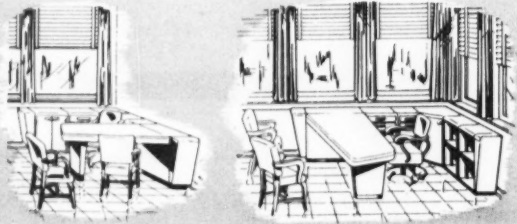
Rock-a-File MODULAR units—desk, file, bookcase, waste receptacle, typewriter cabinet, corner cabinet and shelf storage cabinet—connect to companion units to fit your office space.

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# Heard in WASHINGTON



Seizure of the steel industry has aroused Congress to a realization that the country has taken the Constitution for granted for too long. It is strange that 165 years have been allowed to pass without knowing what powers the President has in an emergency. Plans already are under way for a Congressional study of the entire Constitution to determine whether the radically changed conditions of the present, as compared with those of 1778, should be handled by interpretation or by amendment.

It took the fiasco of the Wage Stabilization Board's recommendations in the steel case to provide proof, if any were needed, of the ineffectiveness of a wage board built on a tripartite basis. Congress apparently is of the opinion that such a board should consist wholly of representatives of the public. Minority representation to provide for industrial and labor viewpoints might be acceptable. There is no doubt that a majority in Congress wants no machinery that interferes with collective bargaining. Wage increases not only make price increases inevitable, but they have a psychological effect on wage rates in all other activities. It is that aspect of the situation which concerns Congress most.

\* \* \* \* \*

Some are of the opinion that business needs a set back so as to get the economy on a more realistic level. Whether it needs it or not no such development seems probable. It is true that rumors persist that the world, outside of the United States and Canada, is entering upon a business recession. Such talk is discounted in Washington because the problem the world over is to secure enough production to meet urgent civilian and defense demands. Such a situation does not make for depression.

But a period of stiff competition is in the offing. Danger of inflation is receding both here and abroad. Consumer credit no longer is an inflationary factor and restraints have been removed. Consumers have large outstanding commitments which limit their capacity to undertake new ones. It has been prices rather than credit restraints that have slowed down the sale of automobiles.

Proposals that the Federal Reserve be subordinated to the Treasury brought out such an avalanche of objection that the movement toward that end has been overwhelmed. Some 1,300 pages of replies to the congressional questionnaire show that those who have studied the question deeply are practically unanimous in their belief that the country must be protected from Treasury control of the money supply. Nothing in the way of legislation is expected at this session. Suggestions that Federal Reserve funds be subject to congressional appropriations or that its funds be put under the General Accounting Office are recognized as hidden attempts to undermine the system's independence.

\* \* \* \* \*

In addition to communism this generation has to struggle with commutism. Congestion on highways and on city streets has become so acute that a group of organizations under the sponsorship of the National Highway Users Conference are trying to do something more about it.

The task is tremendous. Adequate roads and streets must be provided to handle one-half trillion vehicle miles of traffic. City streets with 10 per cent of the mileage have to take care of half of that enormous volume of traffic. The problem involves the rebuilding of cities or large-scale decentralization. In rural areas relief can be provided more readily. It is largely a question of money. The controversial question of toll roads is involved. Heavy defense expenditures preclude the use of public funds in the volume needed. Toll road expansion is predicted.

\* \* \* \* \*

Lack of wisdom is seen in maintaining barriers that unduly restrict imports from the free countries. This accentuates the dollar shortage which must be offset by various forms of aid. Public demand is becoming greater for firmer stands against selfish forays by pressure groups.

*Paul Weston*



## 1951 NET PROFIT EXCEEDS PREVIOUS YEAR'S SALES

Expansion and modernization of equipment does not necessarily produce a profit . . . as a midwestern manufacturer recently found. This long established company, through modernization of one of its divisions in 1949, had created productive capacity considerably in excess of its own needs.

This unused capacity meant heavy carrying charges, causing a large and continuing loss in the division. Attempts to secure additional outside business failed to bring in sufficient volume to put the operation in the black.

Early in 1950, Trundle Engineers were called in to make a market study. During the course of this study, Trundle research men found numerous potential customers practically in the company's "back yard". Some were actively looking for a new source of supply. In fact, a number even tried to place orders with the Trundle representative.

Based on this market study, a detailed sales program was recommended by Trundle—involving territories, coverage and sales controls—and put into effect during the balance of 1950. *Result: 1951 net profit of the department exceeded its total sales volume for 1950 or 1949.*

*Trundle works as a "team" with your executive staff—on problems involving Management Methods, Marketing, Manufacturing, Engineering and Industrial Relation functions. May we give you more information on whom we serve, and how we might serve your company? Write or phone The Trundle Engineering Co., 901 Bulkley Building, Cleveland 15, Ohio.*

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## Letters

### TO THE EDITOR

#### HIDE AND GO SEEK

We think that DUN'S REVIEW, both as to format and content, is one of the finest in the business field but we should like to present one criticism.

In cataloguing your magazine for our library records we find that it is very difficult to locate the volume number—sometimes we don't find it at all. Also the date on the cover is often inconspicuous. . . .

Miriam W. Donnelly  
American Institute of Accountants  
New York, N. Y.

*We are putting all this on page 3.—Ed.*

#### WHO'S GOT THE ISSUE?

I am a student of Marketing at Temple University Evening School. At the present time, we are discussing the "Basing Point System" and I have had some difficulty understanding this problem. Perhaps you have some literature available which I could read.

Joseph G. Sheward  
Philadelphia, Pa.

*The September, October, and November issues of 1948 helped clear the fog.—Ed.*

You have probably become reconciled to these belated requests for articles out of past issues.

I am referring in particular to a chart you published in the August 1950 DUN'S REVIEW titled:

"The Last Hundred Years"

Why so late? Well you see, I keep many of my old copies of the DUN'S REVIEW and every now and then like to refer back to some article for reference. In one of my recent trips into the past, I came across something about this educational chart, mentioned above, and since I am always interested in charts, thought I'd drop you a line requesting a copy if one is yet available.

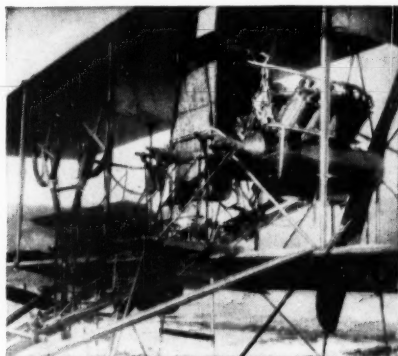
George C. Warner  
Land O'Lakes Creameries, Inc.  
Chicago, Ill.

*Copies of this chart are still available.—Ed.*

I am very much interested in obtaining a copy of an article on production or mobilization of production forces by a Mr. William Pocock of Booz, Allan, and Hamilton.

R. B. Curry  
Applied Physics Laboratory

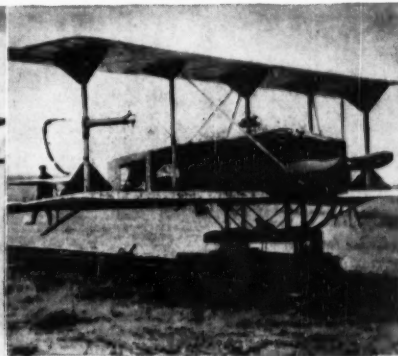
# 40 YEARS OF AUTOMATIC FLIGHT...BY SPERRY



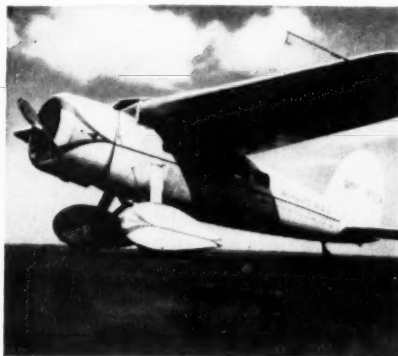
**1912** The first Sperry automatic pilot was flight tested in a Curtiss hydroaeroplane in 1912 at Hammondsport, New York. This was the world's first gyroscopic automatic pilot to fly an aeroplane.



**1914** Lawrence Sperry, in a public demonstration of automatic flight in Paris, 1914, won the International Safety Competition with his "stable" aeroplane.



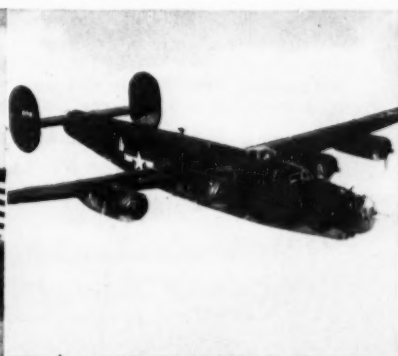
**1916** Ancestor of the guided missile was the aerial torpedo developed during 1916-18 by Sperry working with the U.S. Navy. These automatically controlled "flying bombs" were tested over Great South Bay, Long Island.



**1933** Automatic flight again won public acclaim in 1933 when Wiley Post made the first solo flight around the world with the Sperry automatic pilot as his "co-pilot" in the WINNIE MAE.



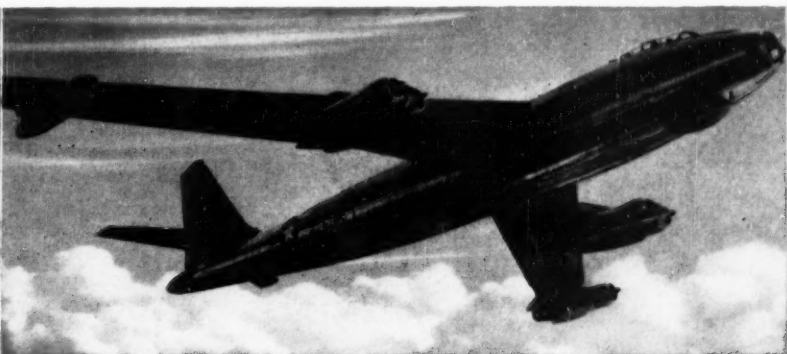
**1937** First completely automatic landings were made by the U.S. Army Air Corps in 1937 by coupling radio aids to the Sperry automatic pilot.



**1943** The first electronic automatic pilots flew thousands of B-24s in World War II and advanced the art of precision bombing by providing an improved stable platform.



**1947** The first "pushbutton" aircraft, U.S. Air Force's All-Weather Flying Division's C-54, equipped with Sperry automatic pilot and automatic approach control, crossed the Atlantic both ways in 1947 without human hands touching the controls—including take-offs and landings.



**1952** The modern Gyropilot® flight control is the outgrowth of Sperry's 40 years of research, development and manufacture of automatic controls for aircraft. This versatile, all-weather pilot represents a high-performance technique for automatic control which is readily adaptable to all types of aircraft—airliners, executive craft, jets, helicopters, lighter-than-air ships and guided missiles. This technique pioneered by Sperry has led to a new fundamental concept of flight for the aircraft of tomorrow. Sperry Gyroscope Company Division of The Sperry Corporation, Great Neck, New York.

BY H. REG. U.S. PAT. OFF.

# *Southeastern Metals Company* **selects BIRMINGHAM DISTRICT for South's First Steel Tube Industry**

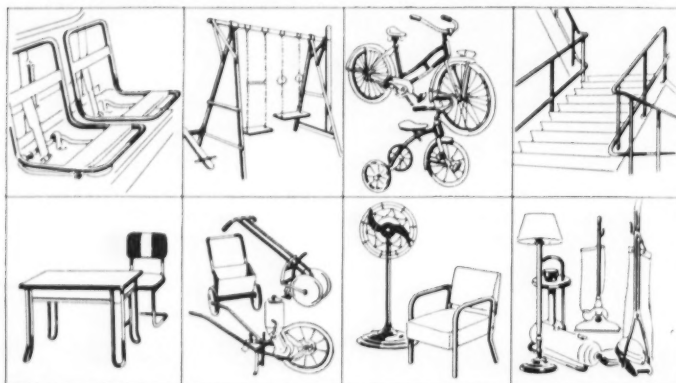


**S**OUTHEASTERN METALS COMPANY is the first plant making electric welded mechanical steel tubing to locate in the South. So outstandingly successful has its operation proved that a large-scale expansion—including addition of a chrome plating plant—is already under way.

"We placed our plant in Birmingham," says President Robert T. Harris, "because in our opinion a heavy steel using industry like ours must be located at a basing point in close proximity to an abundant source of steel supply. We have found Birmingham's steel rolling mills wonderfully co-operative. This central

district tops all others for prompt and economical coverage of growing Southern markets. Other influential factors in our choice of Birmingham were ample natural gas and electricity and abundant industrial water, plus availability of a large and competent labor supply."

## **Doors Now Open in Birmingham For These and Other Steel Tube Using Industries**



*If your plant makes any steel tubing products or equipment sold in the growing South, we invite you to investigate now the superior manufacturing and distributing advantages of the Birmingham district. A comprehensive, confidential survey will be made for you on request by the undersigned Committee. Write and let us know your requirements.*

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United States Steel Co.

The Johns Hopkins University  
Silver Spring, Md.

*The article appeared in the September 1950 issue.—Ed.*

... At one time DUN'S REVIEW started a series of articles on job specification of key personnel. We would like very much to get the complete series of articles on the subject. ...

Robert C. Cushman  
Houston, Tex.

*"What Should a President Do," July and August 1951.—Ed.*

I would appreciate information in what issue of DUN'S REVIEW the article, "Business Ethics and World Conflict" appeared. Thank you.

C. W. Kraft, President  
Kraftile Company  
Niles, Cal.

*September 1951.—Ed.*

About five or six months ago an article appeared in your magazine regarding the developing and characteristics of an executive. One of the points brought out in the article was that if a man was a good executive in one field, he generally was a good executive in other fields.

I circulated this copy of the magazine to our various executives and somewhere along the line the magazine was misplaced. I would appreciate having another copy of this article if it is possible for you to locate it.

H. E. Chiles, Jr., President  
The Western Company  
Midland, Tex.

*"Seasoning the Presidential Timber" in the November 1951 issue provided the answer.—Ed.*

## **FOLLOW THE FORMAT**

I have long been an admirer of the format, illustrations, cartoons, and in general, ... DUN'S REVIEW.

Findley M. Torrance, Editor  
Wood Construction and Building  
Materialist  
Xenia, Ohio

*Comments would be appreciated on our "new face."—Ed.*

In looking over your DUN'S REVIEW for April 1952, I noticed a picture ... A rustic farm scene, the view from the top of a hill presumably. Could you please tell me where this picture was taken. ...

Miss Gertrude Kennedy  
Danly Machine Specialties, Inc.  
Detroit, Mich.

*Santa Inez Valley, Cal.—Ed.*



# Business Men's Expectations

THIRD QUARTER 1952 COMPARED WITH THIRD QUARTER 1951

"How will business in the coming quarter compare with that of a year ago," was the question specially trained Dun & Bradstreet reporters asked of 1,178 business men. Here are the answers in this latest of the series of quarterly surveys that weigh the shifting sentiments of executives in a cross-section of American business.

**P**ROBABILITY can't be measured in pounds or can anticipation be measured in inches. And yet the expectations of business men concerning the future are often a most significant indicator of what really will happen in the future. This latest quarterly survey of business men's expectations is another effort to measure the shifting sentiment of executives concerning changes in their own businesses.

This survey, as with the others in the continuing series, is not designed as any forecast of what will happen, but rather as a means of measuring in one way the current expectations of busi-

	ALL CONCERNS	MANUFACTURERS		WHOLE-SALERS	RETAILERS
		Durable	Non-durable		
—Per Cent Expecting—					
NET SALES					
INCREASE .....	55	63	56	50	51
NO CHANGE .....	26	23	24	29	30
DECREASE .....	19	14	20	21	19
NET PROFITS					
INCREASE .....	34	39	33	33	31
NO CHANGE .....	28	25	30	26	37
DECREASE .....	38	36	37	41	32
SELLING PRICES					
INCREASE .....	19	23	14	20	17
NO CHANGE .....	60	68	57	59	54
DECREASE .....	21	9	29	21	29
LEVEL OF INVENTORIES					
INCREASE .....	26	38	19	27	20
NO CHANGE .....	42	37	46	36	49
DECREASE .....	32	25	35	37	31
NUMBER OF EMPLOYEES					
INCREASE .....	16	26	15	11	13
NO CHANGE .....	77	65	75	84	80
DECREASE .....	7	9	10	5	7
NEW ORDERS					
INCREASE .....	..	50	50	..	..
NO CHANGE .....	..	35	31	..	..
DECREASE .....	..	15	19	..	..

ness men. The feelings and hopes of business men frequently are important in molding the future, and so it is not surprising that many of the expectations of business men in recent surveys have foreshadowed later events.

The results were derived from personal interviews conducted by specially trained reporters with executives of 1,178 businesses representing a random cross section of the larger manu-

facturers, wholesalers, and retailers throughout the country. The question asked was to compare the anticipated third quarter 1952 levels with the actual levels that occurred in each man's business in the third quarter of 1951. The yardstick used to measure the results was the number of replies from those who expected increases, decreases, or no change in their business levels.

Among all the business men inter-

## PERCENTAGE OF BUSINESS MEN EXPECTING

### SALES


TO BE	Per Cent
HIGHER	55
UNCHANGED	26
LOWER	19

### PROFITS

TO BE	Per Cent
HIGHER	34
UNCHANGED	28
LOWER	38

### PRICES




TO BE	Per Cent
HIGHER	19
UNCHANGED	60
LOWER	21

Each  represents 10% of the executives interviewed




## PERCENTAGE OF BUSINESS MEN EXPECTING

Each  represents 10% of the executives interviewed




### INVENTORIES

TO BE	Per Cent
HIGHER 	26
UNCHANGED 	42
LOWER 	32

### EMPLOYMENT

TO BE	Per Cent
HIGHER 	16
UNCHANGED 	77
LOWER 	7

### ORDERS

TO BE	Per Cent
HIGHER 	50
UNCHANGED 	33
LOWER 	17

viewed there was a general expectancy of a levelling off in the third quarter. A higher percentage expected no change in the coming quarter than the corresponding percentage in the previous survey. In the previous survey they were asked to compare the second quarter of 1952 with the second quarter of 1951.

When the results were compared with the results of last year's survey, there was an appreciable drop in the numbers who held an optimistic attitude at that time. Actually business men have been slightly more cautious and conservative in their outlook in each succeeding quarterly survey since the middle of 1951. There has been no sharp or sudden shift, but rather a gradual modification of their views toward probably higher levels.

#### No Reef in Sales

Eight of every ten men interviewed expected net sales volume to equal or exceed that of a year ago in the coming quarter. In last year's survey about 90 per cent of all executives interviewed believed their's would not decline.

While total business sales in 1951 averaged \$43.5 billion a month, a dip in the third quarter brought the average for that period to \$42 billion. But business men generally did not believe that their sales volume would reflect any corresponding dip in the three months ahead.

After considering the possible effects of taxes, costs, and difficulties in obtaining materials and skilled workers, the executives interviewed were divided rather evenly among those expecting higher, lower, or unchanged profits after taxes. Just a year ago about two-

thirds of them thought their profits would be higher. Since then that group has narrowed perceptibly in each succeeding quarterly survey.

Corporate profits after taxes in 1951 were \$18 billion. This was appreciably below the \$22.8 billion for 1949 and below the five-year average from 1947 through 1951 of \$19.5 billion. In the third quarter of 1951, the period against which business men were asked to compare their next quarter profits, total corporate profits after taxes were \$4.2 billion. This was the lowest quarterly profit figure reported by the Department of Commerce since the \$4.1 billion in the first quarter of 1950.

The percentage who expected selling prices to remain unchanged was the same as in the previous survey—58 per cent. However, there was a sharp drop in the number who anticipated higher prices and a corresponding rise among prices would be lower in the third quarter than they were last year. Last year seven of every ten believed his selling prices would be higher and this year only two of every ten thought so.

Wholesale prices through 1951 hovered between 10 and 12 per cent above the 1947-1949 level according to the new index of the Bureau of Labor Statistics. The expectations of business men in this survey reflect the likelihood that price levels may continue to remain close to the figures that have existed during the past year.

There was no appreciable change in the attitude of business men toward possible changes in inventories than when they were surveyed three months ago. A slightly smaller group expected increases or decreases, while the group

that expected no change was a little larger than in the previous survey.

Inventory levels generally have remained rather steady and very high during 1951. Variations within different lines were reflected somewhat by the results of the latest survey which showed that 38 per cent of the durable goods manufacturers expected higher inventories in the third quarter as against 19 per cent of the nondurable goods producers.

#### Employment Steady

In the third quarter of 1951 there were 62.2 million employed, the highest quarterly average on record. Of the executives interviewed, 77 per cent believed their own employment levels would be unchanged in the coming quarter from their third quarter 1951 figures.

The question on new order volume was directed to manufacturers only. Exactly half of them believed their order volume would exceed last year's level. However, this was the smallest percentage to report an expected increase in any of the surveys during the last two years. Since there was no appreciable change in the number expecting a decline, it seems likely that business men anticipate a levelling off from previous rises rather than an about-face into a decline.

Throughout the entire survey the one attitude that seemed to be reflected most often was one of cautious optimism. The feeling that many business men displayed was confidence in a continued high level of activity tempered only by an awareness of the problems we all must face in the twin efforts to fortify the nation and the economy.



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ROBERTS PHOTOGRAPH

*P*LOTING A SHIP'S COURSE IS VASTLY EASIER THAN MAPPING ONE FOR A BUSINESS BECAUSE NAVIGATIONAL SCIENCE HAS ELIMINATED MANY OF THE UNCERTAINTIES. BUT THE APPLICATION OF A FEW FUNDAMENTAL METHODS CAN TAKE MUCH OF THE GUESS-WORK OUT OF BUSINESS PLANNING. HERE ARE THE METHODS AND HOW TO USE THEM.

## Building for Balance

JAMES J. NANCE

*President, Packard Motor Co.*

CONTINUED FROM COVER I

These factors in themselves should lead to larger markets for civilian goods of all kinds. The big difference, however, between 1953 and 1945 is that there will be no backlog of demand like that following World War II. Even operating at substantially restricted schedules, many manufacturers today are hard pressed to market the civilian output of their factories. It is apparent that the sales job in the next few years will be greatly magnified.

During the war years when many areas of industry stopped producing civilian goods altogether, the need for selling practically disappeared. Too many businesses made the serious mistake of permitting their marketing organizations to deteriorate, without maintaining a seasoned core upon which to rebuild an effective selling force for post-war needs.

In most civilian businesses to-day we

Mr. Nance was the President of Hotpoint, Inc., when this article was written.

are not prone to make this mistake because of the pressing marketing problems we face, but we must recognize that those problems will become still more insistent a year or so from now. It is clear, then, that we should plan for the long-term future, taking into consideration our internal organization and also the distribution of our products. Let us analyze these areas.

In referring to participation in defense work, I have not placed among a company's objectives that of making a profit. While the lay public may have a different idea, business management knows that profits on defense orders will be controlled and kept very modest. This is as it should be. However, with careful planning, a manufacturer can come out of the defense program with his plants expanded at least equal to the expansion of the total economy, and his work force and management group improved materially by the addition of new skills and experience.

There are two philosophies on the most desirable organizational set-up for defense production in the dual economy. One calls for the establishment of practically a separate and parallel organization. The second calls for integrating the responsibility for defense production into a company's present organization. I am personally a strong believer in the second way for the average-sized company.

Under this method, a top-caliber man is placed in charge of co-ordinating everything pertaining to defense from getting orders to meeting delivery schedules. His authority flows directly from the president or chief executive officer to the line staff. He chairmans a committee composed of the heads of the established departments within the business—purchasing, production, finance, personnel, and so forth. The responsibility for each phase of defense work from engineering and procurement, right through to production falls

directly on the top executive presently carrying the corresponding responsibility in civilian production.

Obviously this method of organization greatly increases the load of the top executives. To help them carry it they must, of course, have additional specialists assisting them. For these posts men with broad experience and drive are necessary. In a well organized business it should be possible to find such men in the junior administrative staff.

This form of organization has many other advantages. It affords a smoother co-ordination than is attainable when defense and civilian production are separately organized. It avoids duplication and gives better cost control by utilizing established facilities and procedures.

It provides flexibility against shifts in the relative importance of civilian and defense work. This is a highly important factor in retaining present key personnel who might otherwise be lost by an organization during the period when the mobilization blueprints call for the build-up of defense production at the expense of civilian manufacture.

Finally, the integrated method of organization upgrades and broadens the skills of the entire management

and supervisory group—an asset which should be invaluable to those businesses planning for expansion when an unrestricted civilian economy is again in the natural order of things.

Now, of course, like all plans, this one has its disadvantages. By integrating the defense work, greater responsibility than they would normally be assuming is placed on personnel in the second and third management echelons. The burden of training these men for their added responsibility must be assumed by management.

### Incentives

Management that has experimented with training younger executives has found it very difficult to excite and sustain interest over a period sufficiently long to accomplish a good training job unless there are immediate opportunities for advancement within the organization. This being true, it is obvious that the training period of expansion for defense will provide an ideal climate for conducting management training courses.

The opportunity and incentive for training new management talent is one of the very significant pluses inherent in the dual economy. There was a distinct shortage of trained executive talent even prior to Korea. Many care-

ful students of American business even felt that the shortage of developing executive timber constituted a genuine threat to future progress for the whole American economy.

The defense program inevitably will improve this situation. As the need for trained executives and administrators increases, all progressive businesses will have to follow the same program in developing management talent that Branch Rickey has so successfully used in developing baseball talent. He says, "You've got to grow 'em."

The realignment to a dual economy of industrial relations activities for production personnel should be based on principles similar to those outlined for adapting management programs. To hold the work force effectively, a system must be set up to inventory the skills of all workers in preparation for the necessary transfer to defense work.

In our company we solicited the help of our foremen in making such an inventory. The results were amazing. We discovered that we had a great deal more talent among our people than we knew about. For example, in one assembly section alone some 32 per cent of the people showed that they had had prior experience and skill as machine operators and might, therefore, be transferred directly to such work on defense production. I have no doubt that a similar survey in almost every business would result in a like

*Continued on page 89*

*Breadth of vision is a necessity for solving most problems. While a large portion of the country's energies and resources are presently devoted to national defense, the day may soon arrive when the emphasis returns to civilian pursuits. Businesses now concentrating on defense should strive for flexibility in both the use of personnel and the sales effort. Exceptional executive talent may be needed in the days ahead if our productive capacity is to be fully utilized; the time to develop this talent is now.*

DEVANEY PHOTOGRAPH







GIVING DIRECTION TO THE MOVEMENT OF MEN AND NATIONS, ECA SERVED AS A GUIDE THROUGH THE CONFUSED AND TRYING TIMES THAT FOLLOWED WORLD WAR II. IT WAS THE PRINCIPAL MEANS OF RESTORING HEALTH, DIGNITY, AND PRODUCTIVITY TO EUROPE'S WAR-TORN AND BATTLE-MARRIED FAMILIES AND TO ITS FREE NATIONS.—CREW PHOTOGRAPH FROM MONKMEYER

WHAT DID WE BUY FOR \$12.5 BILLION? THAT WAS WHAT ECA COST DURING THE FOUR YEARS OF ITS EXISTENCE. IT WAS CONSIDERABLY LOWER THAN THE \$17 BILLION ORIGINALLY ESTIMATED AND WAS CONSIDERED BY MANY AS ONE OF AMERICA'S MOST PROFITABLE INVESTMENTS. HERE ARE THE DIVIDENDS FROM THAT INVESTMENT.

## HOW ECA PAID OFF

WALTER H. DIAMOND

*Foreign Department Economist,  
The Public National Bank and Trust Company*

FIVE YEARS ago this past June 5, General George C. Marshall, then Secretary of State, in his now historic Harvard University address, called for a policy of mutual help and co-operation to avert the economic and political breakdown threatening Western civilization. His remarks travelled far beyond the Commencement audience gathered in Harvard Yard. To millions of persons in remote sections of the globe who were suffering from destruction, poverty, and hunger the Secretary's message acted like a transfusion, bringing concrete hope for a better life.

As word spread that the United States—the one nation to emerge from

World War II in a strong financial position—was considering an ambitious program of aid, the skeptical American taxpayer naturally wondered: Would the additional cost he would have to bear be justified by the results?

An appraisal of the Marshall Plan from the day it was officially born under the Foreign Assistance Act of 1948 until it passed into the hands of the Mutual Security Agency in 1952 now seems opportune for those of us who footed the \$12.5 billion bill. As originally envisioned by Marshall himself, the program was intended to rejuvenate the working economies of the participating countries, thus fostering the growth of

political and social conditions in which free institutions could exist.

To accomplish this goal the Marshall Plan—soon to be known as the European Recovery Program (ERP) or the Economic Co-operation Administration (ECA)—mapped three distinct steps. The economic measures were: (1) expansion of industrial and agricultural production; (2) promoting the restoration and soundness of European currencies; and (3) stimulating the growth of international commerce by such actions as the elimination of trade barriers and establishing a multilateral system for payment of goods. If these were achieved, it was hoped that the material and financial assistance pro-

vided by the United States would make the eighteen members independent of future dollar loans and handouts.

Although the Marshall Plan got off to a slow start, by the end of the first year it had accomplished for the most part the humanitarian objective of relieving suffering and adjusting dislocations arising from the war. Expansion of industrial and agricultural production—the first of the three economic steps—made little headway in those early days, for the emphasis was placed on political stability based upon self-government.

### Rebuilding Production

It was not until the second year that the recovery program high-lighted rehabilitation of Western Europe through restoring productive facilities—and this was mainly for domestic needs. During these first two years, the providing of the devastated peoples with such necessities as shoes, clothing, and food was an integral part of our policy.

After industry had returned to pre-war levels, Marshall Plan authorities urged heavy concentration on production to increase exports. Steady gains were registered by all members for the next two years. At the close of the 1951-1952 ECA fiscal year industrial production was 55 per cent above the 1947 mark or 39 per cent over pre-war levels. The agricultural index had advanced nearly one-third from 1947 to 25 per cent above the pre-war figure.

Germany and Greece set the individual records. Output for these two nations, which had been destitute only a few years before, climbed 100 and 82 per cent respectively. This progress was especially necessary because of the 10 per cent rise in population and the long hiatus in new foreign investment since the 1930's.

Introduction of up-to-date manufacturing methods in Western Europe by Marshall Plan administrators is partially responsible for the increased productivity. Under the sponsorship of ECA, hundreds of technical missions have visited the United States in the past four years to learn our assembly line skills. A typical example of the technical phase accomplishments is the French shoe manufacturer who re-



MURRIM PHOTOGRAPH FROM MONKMEYER

*The determination to succeed was reflected from the faces of workers throughout Europe as the flow of food, tools, and techniques from this country gave concrete evidence of our faith in their ability to build new monuments amid yesterday's ruins. The experience of ECA presents the world with one of the greatest modern examples of the fruits born from man's confidence in man.*

turned from a trip to this country and within a short time had increased his daily output by 50 per cent, as well as raising wages 20 per cent.

America's modern systems are being installed now as rapidly as possible and the transition is well underway. As a result, many of the large corporations in this country, which in the past frequently balked at European ventures because of the absence of mass markets, are now investing their capital in overseas branches in the ERP nations.

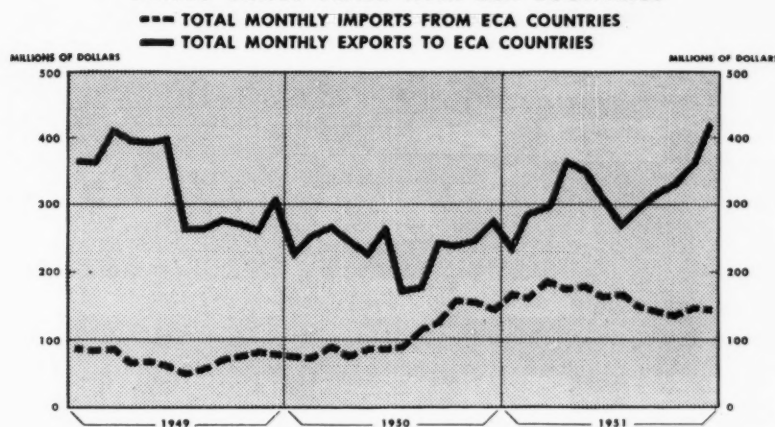
The Organization for European Economic Co-operation (OEEC), which is the continent's own wing for administration of the Marshall Plan, is determined to increase production by another 25 per cent before 1956. As the process of replacing worn and obsolete equipment, and thereby increasing output per man-hour, nears completion, the success of future expansion hinges largely on the absorption of new production methods and the broadening of present markets.

National income of the eighteen countries likewise has increased about one-third during these four years, with Germany and Greece again showing the way by doubling their per capita earnings. Full employment and increased productive capacity—the results of ERP—are playing a key rôle in the rearmament projects of Europe.

The second goal—building a sound financial structure throughout the West—presented the Marshall Plan designers with a considerably more difficult problem from the very outset. In 1947 the deteriorated state of European fiscal policies and the intractable inflationary pressures had permitted black market currency operations to run rampant.

The value of many foreign exchanges had depreciated drastically, and in a few instances, the currencies had become practically worthless. Since the general wave of devaluations in 1949, which was strongly advocated by ECA officials, the free rates of the monetary units of the member nations have been

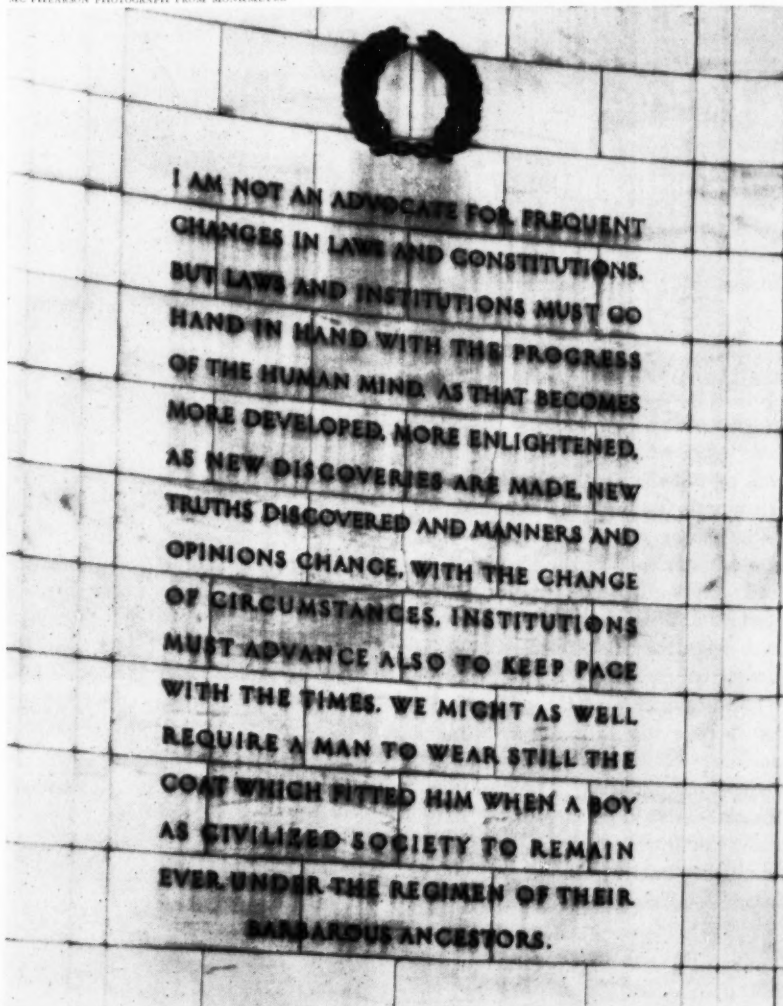
## UNITED STATES TRADE WITH ECA COUNTRIES



The high level of exports to ECA countries during the early years enabled them to increase productivity. While export volume dropped in 1950, the improved economy brought about by ECA helped to bolster export volume in the final year. Imports rose steadily and then levelled off in 1951. The restoration of trade has been beneficial to all participants. Data from U. S. Census Bureau.

Bronze words on a marble page from the lips of Thomas Jefferson live to-day with a new meaning for those who know what ECA has achieved in the redevelopment of a civilized society that sacrificed so much for that civilization. This was an important step toward a more enlightened world. It was a step that reflected progress both in thought and in action.

MC PHEARSON PHOTOGRAPH FROM MONKMEYER



limited to an average rise of only 5 per cent.

Accompanying the accelerated outflow of capital from the United States following the outbreak of the Korean war, Western European gold and dollar holdings had benefitted by \$2.3 billion over the 1947 figure. Despite the chain of unusual circumstances that caused a sudden reversal in the trend in the last half of 1951, accumulated reserves are still \$1.7 billion higher than when the Marshall Plan was conceived.

### Rise in Reserves

Italy leads the eighteen participants with a net rise of \$799 million. The Netherlands and Germany follow with approximately \$270 million each, while Sweden showed a \$200 million gain.

Six of the sixteen nations having budget deficits four years ago operated in the black in 1951, while two more members presently are close to balancing their expenditures. When considering the tremendous debts inherited from the wartime governments and the 60 per cent rise in defense budgets, this has been an encouraging achievement.

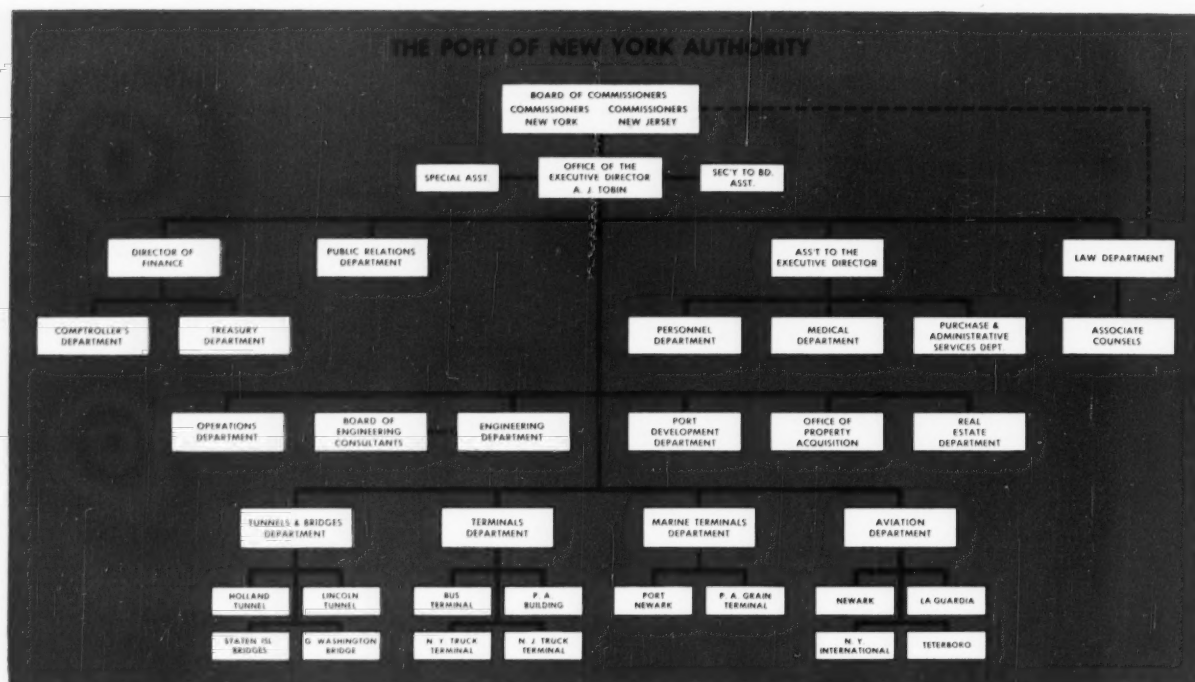
The American stake in Western Europe is most closely tied to the last of the three economic measures we undertook in 1947. Historically, the European powers have been our best customers and their contributions most vital to the normal functioning of international commerce. There is little doubt that had the deteriorating state of European trade been allowed to continue in 1947, we would have felt its impact on our national economy.

At that time the crucial dollar shortage in Western Europe, which was rooted in its deficient productivity, was responsible for a trade gap of \$4.6 billion with the United States. Including the invisible items, such as income from travel, remittances, and other capital transactions, the net dollar deficit of all the OEEC countries and their overseas territories amounted to a staggering \$7 billion.

During last year, the imbalance was reduced to \$2.7 billion, as compared with \$1.6 billion in 1950. However, if we deduct American exports of military goods, the adverse balance would

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## *Administering the Public Authority*

AUSTIN J. TOBIN

*Executive Director,  
The Port of New York Authority*

*A* CORPORATION WITH 13 MILLION STOCKHOLDERS, THE PORT OF NEW YORK AUTHORITY CAN TEACH PRIVATE ENTERPRISE A LESSON. NEATLY BALANCING THE PROBLEMS OF TIDES, TOLLS, TONNAGE, AND TRAFFIC, THIS MAMMOTH ENTERPRISE IS ONE OF THE GOVERNMENT ORGANIZATIONS WHICH RECOGNIZES THE NEED FOR EFFICIENCY AND ECONOMY IN A WORLD OF BUREAUCRACY.

*THE TREMENDOUS* and continuing development of automotive transportation in the United States, at a time when Federal, State, and local debt is rising so rapidly, has brought about to-day's flourishing program of toll-road, bridge, and tunnel construction. The theories of those who opposed the development of self-supporting public works have crumpled like the paper on which they were written before the inexorable forces of necessity and public demand.

The opposition to the extraordinary revival of toll-road and toll-bridge financing went down very hard, but

even one of the automotive club journals was finally forced to conclude that "most motor vehicle users, we find, would prefer to have the highways we need *now* rather than wait for some legislature in the dim future to finance these so-called 'luxury roads' out of current collections."

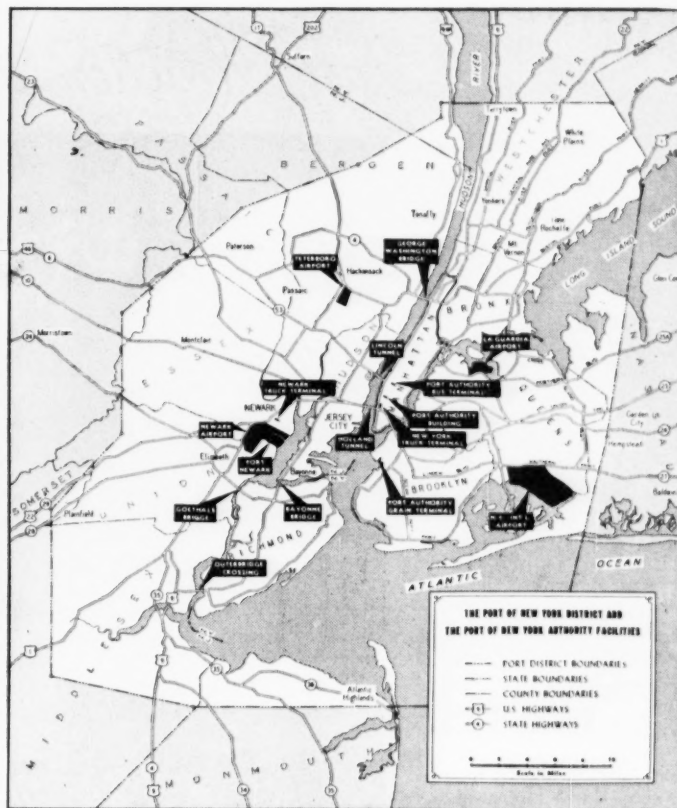
The arguments of the opposition—that there is duplication of investment, increased cost of financing, and excessive cost of toll collecting facilities; that turnpikes tend to discourage the maintenance of nearby free roads; or that self-supporting bridges are road blocks to progress—all these arguments have been

considered and been found wanting.

The ever-increasing demands of traffic all over the country during the past 25 years proved the necessity for toll-bridges and tunnels. For the past ten years traffic has pressed with the same insistence for modern thruways. Finding the old revenue resources exhausted, road users turned without a qualm into the great toll-road revival of the 1940's.

The Pennsylvania Turnpike reaches east to connect with the New Jersey Turnpike. It beckons westward across Ohio. The New Jersey Turnpike prepares its plans to connect with the New York Thruway, and the Thruway looks to the east where the Merritt Parkway points even further north and east to the Maine Turnpike.

The debate over toll-roads versus free roads, which has been decided so overwhelmingly in favor of the former,



was simply a debate about alternative methods of financing. It has nothing to do with the art of road building save that, as in the parallel cases of vehicular bridges and tunnels, it advanced the art and stepped up the tempo of its growth.

But the phenomenal development of toll-roads, bridges, and tunnels, and their use in the regional development of many other public terminal, transportation, and utility projects, has turned attention to the corporate form of public agency as the one best suited to the promotion, financing, construction, and administration of great public enterprises.

An English student of public administration has said that the public authority "is the most important innovation in political organization and constitutional practise in our time."

*By air, by sea, by land, cargoes and customers enter and leave the Port of New York. Day and night all means of transportation from Model "T's" to Strato-cruisers seek admittance. Directing these currents requires a very high degree of efficiency and organization.*

PORT OF NEW YORK AUTHORITY PHOTOGRAPHS

Certainly the most important aspect of the public authority's development as the modern tool of democratic government is the fact that it makes it possible to apply the techniques and efficiency of the best business management to the development, financing, and administration of large public enterprises.

I refer to the self-sustaining type of authority. In its proper sense the distinguishing marks of a true authority are its form as an independent corporate agency, its nonpolitical operation, its adaptability to a regional approach, the self-supporting character of its projects, and its reliance on revenues of those projects for its continuing operation.

It is the sort of public authority that should be judged by the measure of its success or failure in providing the same type and quality of efficient management that is to be found in the best of our large private corporations. In the words of Dr. Frederick L. Bird, Director of Municipal Research for DUN & BRADSTREET, INC., "If authorities are to hold a continuing and constructive posi-

*Continued on page 72*

# Fast Reaction to Slow Change

*P*ROGRESS IS A ONE WAY STREET WITH NO STOP SIGNS. THE ALERT BUSINESS MAN MUST NOT ONLY KEEP ABREAST OF NEW DEVELOPMENTS AND METHODS, BUT BE ABLE TO ADAPT THEM TO HIS SPECIAL NEEDS. HERE ARE SOME RULES BOTH FOR EVALUATING NEW IDEAS AND FOR PUTTING THOSE IDEAS TO WORK.



WEDEEN PHOTOGRAPH FROM MONKMEYER

## PAUL D. CONVERSE

*Head of Marketing Division,  
University of Illinois*

*M*ETHODS of operation change. Machines become obsolete. New products come into use and old ones go out of use. Prices rise and fall. Demand is fickle. Inventories change in value because of falling prices and shifts in consumer preferences. Traffic patterns vary. One location increases in value while another decreases in value.

Concentrated frozen orange juice hurts the market for fresh oranges and canned orange juice. Orchards near freezing plants rise in value while others may decline in price. The phonograph almost ruined the market

for pianos and in a few years was pushed off the market by the radio. Now the radio is being challenged by yet another development, television.

The mechanical refrigerator reduced the sale of ice, in some towns almost to the vanishing point. The oil lamp hurt the sale of candles. The electric light is making an antique of the oil lamp. The automobile ruined the sale of buggies and the tractor has greatly reduced the sale of horse drawn implements, horse collars, and harness. Frozen foods are a new threat to the canning industry.

The automobile and airplane have taken much of the passenger business away from the railroads and the trucks

have hurt their freight business. The food store replaced the old grocery store, butcher shop, and green goods grocer. The super-market is fast replacing the service grocery store and is cutting into the business of the drug store.

Retailer-owned, voluntary, contract, and cost-plus wholesalers are largely displacing the old line service wholesale grocer. The chain store and independent buying offices have for years been limiting the sales of dry goods wholesalers. Some dry goods wholesalers who have survived have gone into manufacturing in self-defense.

Such changes, however, seldom come overnight. An older business man once

*Continued on page 56*



# THE TREND OF BUSINESS



PHOTOGRAPH BY DEVANEY

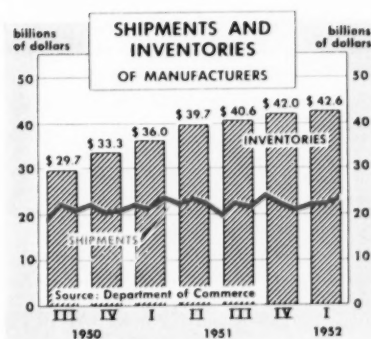
PRODUCTION  
PRICES . . .  
TRADE . . .  
FINANCE . .

*Production remained high despite industrial disputes in steel and oil. Employment rose, though not so much as in past Springs. Prices dipped to year-and-a-half lows. Earnings of factory workers rose slightly. Easier credit spurred sales of some consumer hard goods. Wholesale order volume grew. Business failures were more frequent.*

BY MID-MAY industrial output had approached the high national level reached earlier this year. In April the steel wage-price dispute, affecting 650 thousand workers in basic steel plants as well as thousands of others in fabricating plants and other related industries, brought the month's production down 10 per cent from the March level.

At that time steel furnaces had turned out 9.4 million tons of ingots and steel for castings, the highest March tonnage that had ever been achieved. It was 4 per cent above the March 1952 output figure. Following the April drop in operations, steel producers were able to resume the 2-million-tons-a-week rate that had been maintained throughout the first quarter of the year.

Beginning the last day of April countrywide wage disputes involving a third



of the nation's oil refineries were reflected in a drop at that time of 75 thousand barrels a day in crude oil production. In the four weeks that ended April 26 production had been held at the daily rate of 6.3 million barrels, 4 per cent above last year's output in the same month when it was 6.1 million.

Bituminous coal output dropped slightly in April with the decline in fuel requirements for steel mills from the March production level of 41.1 million short tons. It was the third consecutive month in which national output of the industrial fuel had shown a decline. Production in the bituminous industry had been running below its comparative year-ago figures since the early part of 1951.

In the automobile industry the two-millionth vehicle of the year was scheduled to make its appearance this June, putting it some six weeks behind its 1951 counterpart. Since the beginning of the year there had been a more or less steady increase in automotive production, due partly to the relaxation of raw materials allocations early in the year and partly to the lifting of consumer credit controls last month. The

# THE TREND OF BUSINESS

PRODUCTION

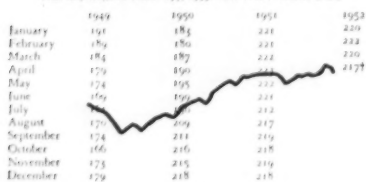
PRICES

TRADE

FINANCE

## Industrial Production

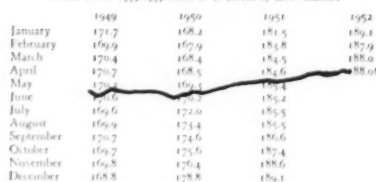
Seasonally Adjusted Index, 1937=100 (1950), Federal Reserve Board



† Approximation; figure from quoted source not available.

## Consumers' Price Index

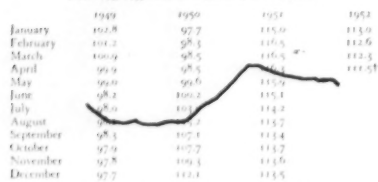
Based Index, 1937=100 (1950), U. S. Bureau of Labor Statistics



† Approximation; figure from quoted source not available.

## Wholesale Commodity Prices

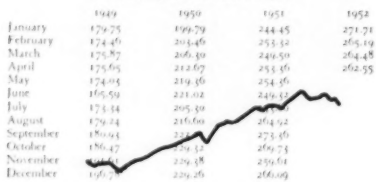
Index, 1937=100 (1950), U. S. Bureau of Labor Statistics



† Approximation; figure from quoted source not available.

## Industrial Stock Prices

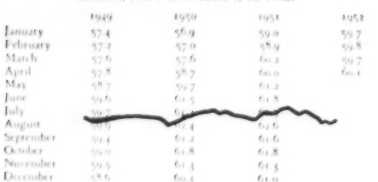
Monthly Average of Daily Index, Dow Jones



Based on closing prices of 30 industrial stocks.

## Employment

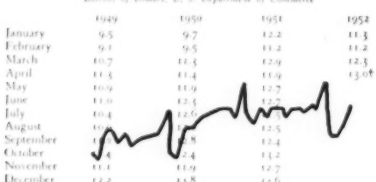
Millions of Persons, U. S. Bureau of the Census



Includes all civilian workers.

## Retail Sales

Billions of Dollars, U. S. Department of Commerce



† Approximation; figure from quoted source not available.

April production of 412 thousand cars and 111 thousand trucks was the highest since last October, but still 18 per cent below the year-ago output.

Another consumer industry that expected to reap some benefit from the demise of credit restrictions was the

radio and television industry. In the first quarter of the year production had averaged 40 per cent below that of the 1951 period. In April and early May production of both radios and television sets picked up slightly. A further spur to production was the lifting of the

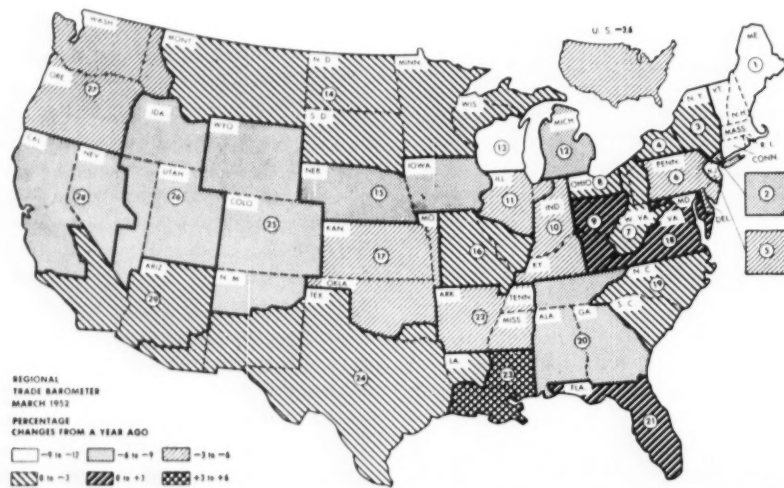
FCC ban on the establishment of new television stations.

The output of other household goods rose somewhat in April, but furniture and most major appliances were still produced at less than last year's levels. One notable exception was the output of driers which had shown consistent increases since the beginning of the year in comparison with 1951 levels as well as with each preceding month's level.

**Employment** The expected Spring rise in employment did not turn out this year to be so large as that of most years. From February to April employment rose 0.6 per cent this year compared with a rise of 1.9 per cent in the same period of last year. Rising to 60.1 million persons in April, the increase over March employment was 0.7 per cent. Most of the month's rise was in the number of farm workers as Spring plowing and planting got underway in many areas.

Employment was closer to saturation in April than in the month before with 97.4 per cent of those who were ready and willing to work in actual employment. This was a four-point rise in the month and an increase of three percentage points from April 1951 level.

The seasonal rise in agricultural, construction, and other outdoor employment more than counterbalanced declines in textile, apparel, leather prod-



REGION:	Mar. 1952	% Change from—	Mar. 1951	Feb. 1952
United States.....	128.5	+ 3.6	11.7	11.1
1. New England.....	128.8	+ 4.1	11.7	11.1
2. New York City.....	257.6	+ 6.5	11.7	11.1
3. Albany, Utica, and Syracuse.....	120.8	+ 0.9	11.7	11.1
4. Buffalo and Rochester.....	107.8	+ 2.7	11.7	11.1
5. Northern New Jersey.....	250.5	+ 4.5	11.7	11.1
6. Philadelphia.....	298.7	+ 5.4	11.7	11.1
7. Pittsburgh.....	314.8	+ 0.9	11.7	11.1
8. Cleveland.....	355.6	+ 0.8	11.7	11.1
9. Cincinnati and Columbus.....	353.5	+ 2.5	11.7	11.1
10. Indianapolis and Louisville.....	386.8	+ 4.1	11.7	11.1
11. Chicago.....	294.3	+ 5.7	11.7	11.1
12. Detroit.....	340.9	+ 6.4	11.7	11.1
13. Milwaukee.....	358.4	+ 4.1	11.7	11.1
14. Minneapolis and St. Paul.....	314.6	+ 1.3	11.7	11.1
15. Iowa and Nebraska.....	320.2	+ 7.2	11.7	11.1
16. St. Louis.....	300.7	+ 2.3	11.7	11.1
17. Kansas City.....	374.6	+ 5.0	11.7	11.1
18. Maryland and Virginia.....	336.3	+ 0.0	11.7	11.1
19. North and South Carolina.....	340.2	+ 0.7	11.7	11.1
20. Atlanta and Birmingham.....	457.1	+ 7.0	11.7	11.1
21. Florida.....	387.1	+ 1.0	11.7	11.1
22. Memphis.....	391.7	+ 5.1	11.7	11.1
23. New Orleans.....	374.0	+ 6.0	11.7	11.1
24. Texas.....	464.4	+ 0.6	11.7	11.1
25. Denver.....	328.1	+ 7.1	11.7	11.1
26. Salt Lake City.....	346.0	+ 0.7	11.7	11.1
27. Portland and Seattle.....	370.2	+ 4.8	11.7	11.1
28. San Francisco.....	333.2	+ 6.2	11.7	11.1
29. Los Angeles.....	427.4	+ 2.6	11.7	11.1

## THE TREND OF BUSINESS

ucts and mining employment in April. Joblessness amounted to 1.6 million persons in April compared with 1.8 million in March and 1.7 million a year ago. Rising production schedules in Michigan's automobile industry more than halved the number of unemployment insurance claims outstanding in that State since January. Further employment increases were expected.

**Prices and Wages** Early last month many spot commodity prices touched the lowest levels since mid-1950. Cotton and lead prices contracted sharply as it became more generally realized among dealers that supplies were larger than they had anticipated. Lead had the distinction of becoming the first of the major nonferrous metals to drop below the OPS price ceiling. World rubber prices sank to eighteen-month lows as supplies grew.

Most grain prices moved irregularly in a fairly narrow range. Crop prospects were generally favorable but adverse weather conditions in some areas

*Continued on page 26*

### BANK CLEARINGS—INDIVIDUAL CITIES (Thousands of dollars)

	1952	1951	% Change
Boston	2,442,966	2,592,741	- 5.4
Philadelphia	4,739,000	4,705,000	+ 0.7
Pittsburgh	1,628,000	1,554,201	+ 4.7
Cleveland	1,814,604	1,782,424	+ 1.8
Cincinnati	941,776	917,922	+ 2.6
Baltimore	1,172,051	1,116,546	+ 4.9
Richmond	656,882	594,138	+10.6
Atlanta	1,324,600	1,231,200	+ 7.6
New Orleans	604,411	585,611	+ 3.2
Memphis	426,817	415,219	+ 2.8
Chicago	3,674,857	3,754,121	- 2.1
Detroit	2,132,036	2,172,951	- 1.9
St. Louis	1,266,106	1,464,210	- 14.9
Louisville	621,559	600,684	+ 3.5
Minneapolis	1,195,741	1,242,908	- 3.9
Kansas City	1,453,437	1,456,953	- 0.2
Omaha	591,084	619,746	- 4.6
Denver	574,184	556,192	+ 3.2
Dallas	1,459,161	1,287,626	+13.6
Houston	1,278,001	1,079,440	+18.4
San Francisco	2,248,566	2,256,043	- 0.3
Portland, Ore.	713,122	616,763	+15.6
Seattle	677,637	671,159	+ 1.0
Total 24 Cities	31,316,059	31,863,517	- 1.8
New York	9,942,869	9,905,345	+ 0.4
Total 25 Cities	41,258,928	41,768,862	- 1.2
Daily Average	2,852,301	2,778,714	+ 2.6

# Compass Points OF BUSINESS



	Year	Dec.	Year	Jan.	Feb.	Mar.	Apr.
Employment, Civilian	1949	58.6	1950	56.9	57.0	57.6	58.7
Million persons	1950	60.3	1951	59.0	58.9	60.2	60.0
	1951	61.0	1952	59.7	59.7	59.7	60.1
Unemployment	1949	3.5	1950	4.5	4.7	4.1	3.5
Million persons	1950	2.2	1951	2.5	2.4	2.1	1.7
	1951	1.7	1952	2.1	2.1	1.8	1.6
Farm Income	1949	2.5	1950	2.3	1.6	1.7	1.6
Billion dollars	1950	2.8	1951	2.5	1.9	2.1	2.1
	1951	3.1	1952	2.6	2.0	2.3	2.2
Consumers' Credit Outstanding	1949	16.8	1950	16.4	16.2	16.3	16.6
Billion dollars	1950	20.1	1951	19.9	19.5	19.4	19.1
	1951	20.6	1952	20.1	19.8	19.5	
Gross Hourly Earnings of Industrial Workers	1949	1.41	1950	1.42	1.42	1.42	1.43
Dollars	1950	1.54	1951	1.56	1.56	1.57	1.58
	1951	1.64	1952	1.64	1.64	1.65	
Weekly Earnings of Industrial Workers	1949	56.04	1950	56.29	56.37	56.53	56.93
Dollars	1950	63.88	1951	63.76	63.84	64.57	64.70
	1951	67.40	1952	67.04	67.03	67.20	
Manufacturers' Sales*	1949	15.6	1950	15.9	16.6	17.2	17.3
Billion dollars	1950	21.0	1951	22.6	22.3	22.6	22.5
	1951	20.8	1952	22.5	23.3	22.0	
Manufacturers' Inventories*	1949	28.7	1950	28.7	28.5	28.4	28.6
Billion dollars	1950	33.3	1951	34.1	34.7	35.6	36.9
	1951	42.0	1952	42.2	42.2	42.3	
Wholesalers' Sales*	1949	7.1	1950	7.1	7.3	7.5	7.2
Billion dollars	1950	8.6	1951	9.8	9.2	9.0	8.7
	1951	8.5	1952	8.9	9.0	8.3	
Wholesalers' Inventories*	1949	7.7	1950	7.7	7.7	7.8	8.0
Billion dollars	1950	9.4	1951	9.5	9.7	9.9	10.1
	1951	10.0	1952	10.0	9.7	9.7	
Retailers' Sales*	1949	10.8	1950	11.1	11.3	11.4	11.4
Billion dollars	1950	12.6	1951	13.6	13.3	12.6	12.3
	1951	12.3	1952	12.6	12.9	12.4	
Retailers' Inventories*	1949	14.5	1950	14.8	14.7	14.9	14.9
Billion dollars	1950	17.8	1951	18.5	19.0	19.7	20.3
	1951	18.1	1952	18.1	18.0	17.8	
Physical Production Index*	1949	179	1950	183	180	187	190
1935-1939=100	1950	218	1951	221	221	222	223
	1951	219	1952	220	222	220	217
Freight Carloadings	1949	3.1	1950	2.4	2.3	3.4	2.9
Millions of Cars	1950	3.6	1951	3.0	2.7	3.8	3.2
	1951	3.5	1952	2.8	2.9	3.6	2.2
Building Permits, 120 Cities	1949	249	1950	269	282	357	355
Million dollars	1950	342	1951	366	261	350	290
	1951	201	1952	198	243	274	322
Commercial and Industrial Failures	1949	770	1950	868	811	884	806
Number	1950	679	1951	775	599	732	693
	1951	612	1952	671	619	715	780
Liabilities of Failures	1949	19.3	1950	26.4	22.2	27.9	21.3
Million dollars	1950	21.0	1951	21.7	16.0	17.7	17.1
	1951	19.4	1952	26.2	19.5	29.2	29.5

\* Adjusted for seasonal changes.

These figures bring up to date some of the series in "The Compass Points of Business" quarterly supplement to the May DUN'S REVIEW. The next quarterly supplement will appear in August.



# Why Do Businesses Fail?

GRIFFITH M. JONES

Assistant to the President  
DUN & BRADSTREET, INC.

LIKE THE BLACK BLANKET OF NIGHT, UNCERTAINTY SHROUDS THE FUTURE OF TO-DAY'S ACTIONS. FOR THE BUSINESS MAN WHO SEEKS TO PLOT A SAFE COURSE THROUGH UNCHARTED SEAS AND AMID UNSEEN DANGERS, THESE CONTINUING QUARTERLY STUDIES OF THE CAUSES FOR FAILURE SERVE AS A GUIDING LIGHT TOWARD TO-MORROW'S GOAL.



ROBERTS PHOTOGRAPH

## Classification of Causes of BUSINESS FAILURES in all Lines

FIRST QUARTER 1951		FIRST QUARTER 1952		YEAR ENDED March 31, 1952		UNDERLYING CAUSES	APPARENT CAUSES	FIRST QUARTER 1951	
Number	Per Cent	Number	Per Cent	Number	Per Cent			Number	Per Cent
130	6.2	105	5.2	421	5.3	NEGLECT:	Due to . . . . .	34	1.6
								69	3.3
								15	0.7
								12	0.6
93	4.4	79	3.9	296	3.7	FRAUD:	On the part of the principals, reflected by . . . . .	1	0.0
								18	0.9
								8	0.4
								60	2.8
								6	0.3
317	15.0	223	11.1	1,003	12.6	LACK OF EXPERIENCE IN THE LINE	Evidenced by inability to avoid conditions which resulted in . . . . .	961	45.6
332	15.8	271	13.5	1,076	13.5	LACK OF MANAGERIAL EXPERIENCE		101	4.8
281	13.3	276	13.8	1,138	14.3	UNBALANCED EXPERIENCE *		197	9.4
883	41.9	1,008	50.3	3,837	48.2	INCOMPETENCE		219	10.4
								272	12.9
								106	5.0
								318	15.1
								96	4.6
35	1.7	24	1.2	111	1.4	DISASTER:	Some of these occurrences could have been provided against through insurance . . . . .	16	0.8
								2	0.1
								4	0.2
								3	0.1
								2	0.1
								8	0.4
...	...	2	0.1	8	0.1	WAR MOBILIZATION		...	...
...	...	17	0.9	67	0.9	REASON UNKNOWN		...	...
2,106	100.0	2,005	100.0	7,957	100.0	TOTAL		...	...
32.1	...	32.2	...	31.9	...	FAILURE RATE FOR EACH PERIOD**	CURRENT LIABILITIES	\$55,346,000	...
...	...	...	...	2,493,314	...	NUMBER OF LISTED NAMES AT END OF 1951 †	AVERAGE LIABILITIES PER FAILURE	26,280	...

\* Experience not well rounded in sales, finance, purchasing, and production on the part of an individual in case of a proprietorship, or of two or more partners or officers constituting a management unit.

\*\* Annual rate of failures per 10,000 listed names.

† The total number of names was obtained by an actual count of the names, excluding branches, listed in the Reference Book at the end of 1951.

**BUSINESS FAILURES** include those businesses that ceased operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganizations, or arrangement; or voluntarily compromised with creditors out of court.

**CURRENT LIABILITIES** include all accounts and notes payable and also all obligations, whether in secured form or not, known to be held by banks, officers, affiliated companies, supply companies, or the Government. They do not include long-term obligations held by the public. Offsetting assets are not included in the liability figures.

## of Business

FIRST QUARTER 1952		YEAR ENDED March 31, 1952	
Number	Per Cent	Number	Per Cent
23	1.1	102	1.3
63	3.1	222	2.8
9	0.5	45	0.6
10	0.5	52	0.6
1	0.1	6	0.1
7	0.3	50	0.6
5	0.2	24	0.3
58	2.9	180	2.3
8	0.4	36	0.4
1,048	52.3	3,966	49.8
146	7.3	568	7.1
141	7.0	593	7.5
179	8.9	764	9.6
208	10.4	992	12.5
80	4.0	344	4.3
290	14.5	1,160	14.6
92	4.6	441	5.5
8	0.4	52	0.6
4	0.2	8	0.1
2	0.1	12	0.2
2	0.1	9	0.1
1	0.1	7	0.1
7	0.3	23	0.3
...	...	1	0.0
2	0.1	7	0.1
\$74,914,000		\$279,115,000	
37,364		35,078	

## FAILURES BY REGIONS AND STATES

REGION AND STATE	NUMBER OF FAILURES			RATE OF FAILURES PER 10,000 LISTED ENTERPRISES		
	1940	1950	1951	1940	1950	1951
<b>NEW ENGLAND</b> .....	1,057	864	658	65.4	49.2	38.1
Maine .....	94	48	32	61.6	30.2	20.6
New Hampshire .....	50	47	29	48.4	46.7	30.4
Vermont .....	21	14	5	28.8	20.5	7.2
Massachusetts .....	565	500	369	68.3	57.1	42.7
Connecticut .....	241	166	131	73.3	42.5	33.3
Rhode Island .....	86	89	92	65.6	54.6	61.7
<b>MIDDLE ATLANTIC</b> .....	5,927	2,917	3,021	116.0	52.6	54.5
New York .....	4,351	2,151	2,327	168.3	75.5	82.6
New Jersey .....	646	346	307	78.3	38.1	33.3
Pennsylvania .....	930	420	387	54.7	23.5	21.5
<b>EAST NORTH CENTRAL</b> .....	2,424	1,416	1,066	51.8	27.3	20.7
Ohio .....	442	328	223	39.0	25.3	17.6
Indiana .....	178	62	46	29.4	9.2	7.0
Illinois .....	1,156	479	417	76.7	30.4	26.3
Michigan .....	361	280	181	45.6	29.7	19.0
Wisconsin .....	287	267	199	44.5	38.5	28.7
<b>WEST NORTH CENTRAL</b> .....	647	331	255	25.8	12.4	9.6
Minnesota .....	110	59	73	21.6	10.8	13.2
Iowa .....	139	46	47	28.1	9.0	9.4
Missouri .....	165	136	81	24.2	18.9	11.3
North Dakota .....	7	9	6	6.8	7.8	5.3
South Dakota .....	27	10	6	22.6	7.5	4.5
Nebraska .....	132	41	14	49.1	14.7	5.1
Kansas .....	67	30	28	19.9	8.1	7.8
<b>SOUTH ATLANTIC</b> .....	1,027	669	546	47.4	23.2	19.3
Maryland .....	114	152	87	47.1	44.2	26.2
Delaware .....	17	3	4	34.2	5.2	6.6
District of Columbia .....	22	18	5	21.1	20.5	5.7
Virginia .....	200	97	58	62.7	21.2	13.1
West Virginia .....	59	51	71	26.3	19.5	27.5
North Carolina .....	160	95	70	44.7	18.1	13.7
South Carolina .....	50	11	7	30.9	4.7	3.1
Georgia .....	215	94	92	60.5	21.5	21.6
Florida .....	190	148	152	57.5	39.7	31.1
<b>EAST SOUTH CENTRAL</b> .....	363	213	193	32.7	14.9	13.5
Kentucky .....	100	45	33	28.9	11.1	8.2
Tennessee .....	117	64	82	36.0	15.1	19.4
Alabama .....	73	59	37	31.0	17.2	11.0
Mississippi .....	73	45	41	36.3	17.3	15.7
<b>WEST SOUTH CENTRAL</b> .....	572	332	223	30.5	14.4	10.0
Arkansas .....	96	38	27	43.0	13.3	9.8
Oklahoma .....	162	47	41	45.4	12.6	11.2
Louisiana .....	38	66	66	13.6	18.2	18.8
Texas .....	276	181	89	27.1	14.1	7.1
<b>MOUNTAIN</b> .....	281	213	174	40.0	23.3	19.6
Montana .....	12	6	2	12.1	5.2	1.8
Idaho .....	30	19	16	34.8	18.2	16.2
Wyoming .....	20	4	2	41.7	6.8	3.5
Colorado .....	112	55	35	51.6	20.1	12.9
New Mexico .....	15	8	19	19.0	6.7	16.4
Arizona .....	28	70	59	43.4	69.9	60.6
Utah .....	46	34	31	54.1	31.3	29.2
Nevada .....	18	17	10	75.2	52.6	32.1
<b>PACIFIC</b> .....	1,321	2,297	1,922	65.0	88.1	77.5
Washington .....	161	211	137	44.9	51.5	33.5
Oregon .....	237	149	66	96.3	51.2	22.9
California .....	923	1,847	1,719	64.6	102.3	96.4
<b>TOTAL UNITED STATES</b> .....	13,619	9,162	8,058	63.0	34.3	30.7



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## THE TREND OF BUSINESS

caused some firming in both wheat and corn prices. The latter were also influenced to some extent by the advance of hog prices to their highest levels of the year and a rise in the corn-hog feeding ratio.

Wholesale food prices rose in the latter part of April and early May, but were lower than a year ago. At the grocery store level, however, most foods continued to be priced somewhat above their year-ago levels. Over-all consumers' prices averaged 2 per cent more than in the same period last year.

Production workers' earnings averaged 17 cents a week more last March than they had in the month before. At \$67.20 a week, wages in manufacturing industry averaged \$2.63 more than a year ago, or a year-to-year rise of 4 per cent. The largest increase in weekly earnings over the year occurred in the rubber products industry group. Other notable increases were in the ordnance and electrical and other machinery industries. But textile workers averaged \$1.73 a week less than they did last year;

## Weekly Business Signposts

SELECTED BUSINESS INDICATORS	LATEST WEEK*	PREVIOUS WEEK	YEAR AGO
Steel Ingot Production Ten Thousand Tons	210	210	207
Bituminous Coal Mined Hundred Thousand Tons	80	86	96
Automobile Production Thousand Cars and Trucks	121	120	145
Electric Power Output Ten Million K.W. Hours	709	704	656
Freight Carloadings Thousand Cars	720	750	808
Department Store Sales Index Number (1947-1949=100)	117	111	110
Wholesale Prices Index Number (1947-1949=100)	112	112	116
Bank Debits Hundred Million Dollars	282	283	243
Money in Circulation Hundred Million Dollars	285	285	273
Business Failures Number of Failures	161	150	181

\*Steel, automobile, price and failures data are for the third week of May; all other figures are for the second week. Sources: Amer. Iron & Steel Inst.; U. S. Bureau of Mines; Automotive News; Edison Electric Inst.; Amer. Assoc. of Railroads; U. S. Bureau of Labor Statistics; DUN & BRAIDSTREET, INC.

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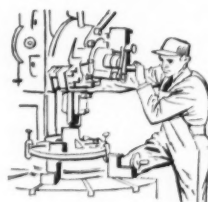
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A MUTUAL COMPANY FOUNDED IN 1845

## THE TREND OF BUSINESS

much of this drop reflected shorter work-weeks, recent reductions in the wage rates of Northern hosiery mills, and the rising proportion of textile employment in the lower-wage, non-union Southern mills.

**Finance** Stock prices rose somewhat in early May following the April downward movement. Part of the rise reflected the Federal Reserve Board's suspension of credit rulings on installment purchases. The Dow-Jones average of closing prices for 30 industrial stocks amounted to 262.55 in April compared with the 264.48 of the month before. This marked the third consecutive month's decline. Compared with a year ago, however, the average was up 4 per cent.

Trading on the New York Stock Exchange declined in April to 29 million shares and was the lowest for any April since 1949. Last year April turnover had amounted to 34 million shares. Bond transactions increased in April \$3.5 million to a par value of \$61.6 million. Last year's April bond volume amounted to \$76 million. Bond dealings this past April were the lowest for that month since 1914.

**Retailing** The prospect of June graduations and weddings and the promotions centered around these events provided retail merchants with their last big push prior to the usually expected doldrums and dipping of Summer sales figures.

Beside the seasonal attractions of ap-

### WHOLESALE FOOD PRICE INDEX

The index is the sum total of the prices per pound of 40 foods in general use. It is not a cost-of-living index.

Latest Weeks	Year Ago	1957
May 15.. 56.38	May 15.. 57.18	High Jan. 1.. 56.64
May 6.. 6.36	May 8.. 7.18	Low Apr. 22.. 6.31
Apr. 29.. 6.34	May 1.. 7.14	1951
Apr. 22.. 6.31	Apr. 24.. 7.16	High Feb. 29.. 57.41
Apr. 15.. 6.37	Apr. 17.. 7.13	Low Dec. 18.. 6.64

### DAILY WHOLESALE PRICE INDEX

The index is prepared on the basis of daily spot closing prices of 40 primary commodities (1930-1932=100).

Week Ending:	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
May 17..	297.01	297.08	296.06	296.51	297.62	297.48
May 10..	296.69	296.88	297.38	298.44	297.89	297.64
May 3..	296.24	294.96	294.00	294.64	295.46	295.74
Apr. 26..	297.61	297.69	297.20	296.86	296.89	296.80
Apr. 19..	300.88	300.61	300.39	299.69	298.74	298.34

# Beatrice Foods Co. knows it pays to lease trucks from Hertz!

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Hertz serves every type of business! The Hertz Drive-ur-Self System can serve every kind of business, with the right trucks for each specific job. Following are some of the many kinds of businesses now being served: Manufacturers & Distributors of Varied Products • Department & Specialty Stores • Florists • Creameries & Dairy Products • Building Supplies & Lumber • Hardware & Plumbing • Bakery & Confectionery

Stores • Drugs • Laundries & Dry Cleaners • Restaurants • Meat & Fish • Groceries, Fruit & Produce • Newspapers • Printing • Brewers & Beer Distributors • Furniture & Rugs • Steel & Electrical • Paper • Musical Instruments • Beverages, Wine & Liquor.

**Rent extra trucks by hour, day or week!** Hertz always has fleets of trucks on hand for short term rentals to individuals—or to businesses needing one or more trucks, or owning their trucks and wanting extras for emergencies. Simply call your local Hertz station.

**Hertz is the world's largest truck and passenger car rental organization...** with 28 years' experience. You, too, will find it pays... Write for full details now. Write Hertz Drive-ur-Self System, Inc., Dept. H62, 218 South Wabash Avenue, Chicago 4, Illinois, for an interesting folder giving complete information. No obligation.

LOOK IN YOUR TELEPHONE DIRECTORY UNDER "H" FOR YOUR LOCAL HERTZ STATION

NATIONAL HEADQUARTERS **HERTZ Drive-ur-Self SYSTEM** DEPT. H62, 218 SOUTH WABASH AVENUE • CHICAGO 4, ILLINOIS



# CONSULT FOR THE BEST **P.S. BOXES** Materials HANDLING EQUIPMENT

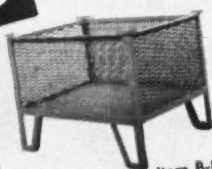


Item B-746  
**Corrugated BOX with legs**

## We design and build

all types of materials handling equipment... for pick-up, loading, moving, dumping or storage... made of metal, or wood, or combination.  
**When Ordering** Always give "item" number, this will help prevent error.

Ideal for moving or storing heavy metal parts; built of heavy corrugated steel; reinforced throughout with angle iron. Legs are designed to permit complete accessibility with crane or power lift truck. Made in any size or load capacity to meet buyer's specifications.



Item B-886  
**HEAVY DUTY All-Steel VENTILATED BOX**

Designed for foundries, forges and heat treating departments. Constructed of heavy gauge steel mesh sides and bottom, with a sturdy, all welded steel framework. Contents completely visible. Can be furnished with crane lugs. Built to capacity requirements of your specifications.

★ Write for New Catalog ★



BOX Item D-28  
**Sloped Bottom BOX and STAND**

BOX is of all-steel construction equipped with stacking brackets. Hand lever releases parts that slide down to waist-high tray on stand for easy disposal by seated or standing operator. Can be furnished with crane lugs, for platform trucks and fork trucks. STAND heavy-duty all-steel reinforced construction.

DESIGNED AND MANUFACTURED BY  
**Palmer Shile Co.**  
16034 FULLERTON AVE., DETROIT 27, MICH.

## THE TREND OF BUSINESS

parcel items, interest in consumer durables received a boost early in May with the abandonment of Regulation W. Among household goods the most pronounced rises were in the sales of refrigerators, freezers, driers, and decorating materials. New and used cars were also sold in increased volume.

Consumer credit had declined steadily from the beginning of the year to the first of April. At that time the total consumer credit outstanding for the nation was \$19.5 billion compared with the peak level of \$20.6 billion at the beginning of the year. At the beginning of April last year, however, consumer credit was \$19.4 billion. Government economists said the decision to suspend controls on credit was based on the belief that shoppers would not go on a credit buying binge, but would continue to pick and choose as they have been doing. Some retailers, of course, hoped otherwise.

The DUN'S REVIEW Regional Trade Barometer for April (map and table, page 22) reflecting consumer spending, rose 3 per cent after seasonal adjustment to 339.3 (preliminary) and was 3 per cent above a year ago. March increases from a year ago occurred in but three of the regions, the largest rise being 6 per cent for the New Orleans Region (23). The New England (1) and Milwaukee (13) Regions sustained the most unfavorable yearly comparisons with drops of 9.1 per cent.

*Wholesaling* New orders coupled with marked reordering for Summer promotions helped boost the level of wholesale buying in May. With retail and wholesale inven-

*Continued on page 34*

## Schmieg CENTRI-MERGE

### Still the Best Answer to Your DUST and FUME PROBLEM

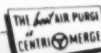


**CENTRI-MERGE** is COMPLETELY automatic in every phase of operation, COLLECTS dust and fumes as soon as they occur, CLEANS by high pressure water action, DISPOSES by mechanical conveyor. Dust and fumes are forced back on a stream of air to collection unit, washed and scrubbed from the air into tank below, permanently trapped under water for quick disposal as sludge.

Our engineers will be pleased to consult with you in the solution of your problem.

### Here are Several Reasons Why—

1. **CENTRI-MERGE** greatly reduces heating cost by re-circulating cleaned air in many cases, occupies a minimum of valuable floor space, is easily installed.
2. **CENTRI-MERGE** gives non-fluctuating cleaning efficiency every minute of the day, collects and disposes of dust and fumes immediately.
3. **CENTRI-MERGE** operates at constant efficiency during many years of trouble-free service.
4. **CENTRI-MERGE** eliminates health or fire hazard in dust control by its automatic removal as sludge.
5. **CENTRI-MERGE** is always dependable, never requires a shutdown during working hours for cleaning or routine maintenance.
6. **CENTRI-MERGE** is engineered for minimum maintenance expense, is a compact, self-contained unit, constructed for flexibility of arrangement to suit plant requirements.



**Schmieg INDUSTRIES INC.**  
Engineers & Manufacturers  
316 PIQUETTE AVENUE • DETROIT 2, MICHIGAN

### BUILDING PERMIT VALUES—215 CITIES

Geographical Divisions:	1952	April-1951	% Change
New England.....	\$35,349,093	\$22,374,199	+57.5
Middle Atlantic.....	89,034,949	59,073,504	+52.9
South Atlantic.....	40,096,944	32,519,020	+23.3
East Central.....	78,884,666	79,621,489	-0.9
South Central.....	69,427,616	68,467,098	+1.4
West Central.....	23,473,164	29,439,523	-20.2
Mountain.....	14,189,885	20,299,028	-29.1
Pacific.....	64,662,004	61,818,270	+4.6
Total U. S.....	\$416,017,261	\$372,508,130	+11.7
New York City.....	\$53,123,323	\$27,451,774	+94.2
Outside N. Y. C.....	\$162,893,938	\$345,151,356	+5.1



**Dictabelt:** The exclusive new recording medium invented by Dictaphone scientists.

# How Wrong You Are { IF YOU HAVEN'T CHANGED YOUR IDEAS ABOUT DICTATING MACHINES

**No bulk,** no speaking tube, no cylinder, no disc—*nothing* old-fashioned about TIME-MASTER! For this is the 1952 idea of a dictating machine!

TIME-MASTER records your thoughts—your *work*—through a *microphone* so small you cradle it in your hand and scarcely know it's there. You start and stop, record and *play back* your dictation at the touch of your thumb. TIME-MASTER is the size of a letterhead and only slightly taller than a pack of cigarettes.

Heart of the TIME-MASTER is the exclusive Dictaphone



"Magic Ear" transmits your voice for secretary with amazing clarity. Feather-light. As easy to wear as an earring. Leaves one ear free for answering telephone.

recording medium, the red plastic *Dictabelt*. *Dictabelt* is mailable (5 in a standard envelope) . . . fileable . . . easy to use and handle . . . and so inexpensive it's used once, transcribed and thrown away.

And how does your voice reproduce on *Dictabelts*? It's crisp . . . never muffled. Syllable-clear . . . never blurred. It's *your* voice at its best.

**Electronics** and plastics made possible this revolutionary dictating instrument. It's the masterpiece of Dictaphone Corporation, the industry's pioneer and specialist in providing the best in dictating machines, methods and service.

For ease of accomplishment, for dependability, TIME-MASTER is first choice wherever busy people must record and relay information and ideas.

Why wait to try TIME-MASTER? Heads of states, nations, corporations and universities are already using it—enthusiastically. The coupon is yours—and the time is *now*!

## DICTAPHONE

THE GREATEST NAME IN DICTATION  
TIME-MASTER—The Modern Way to Dictate

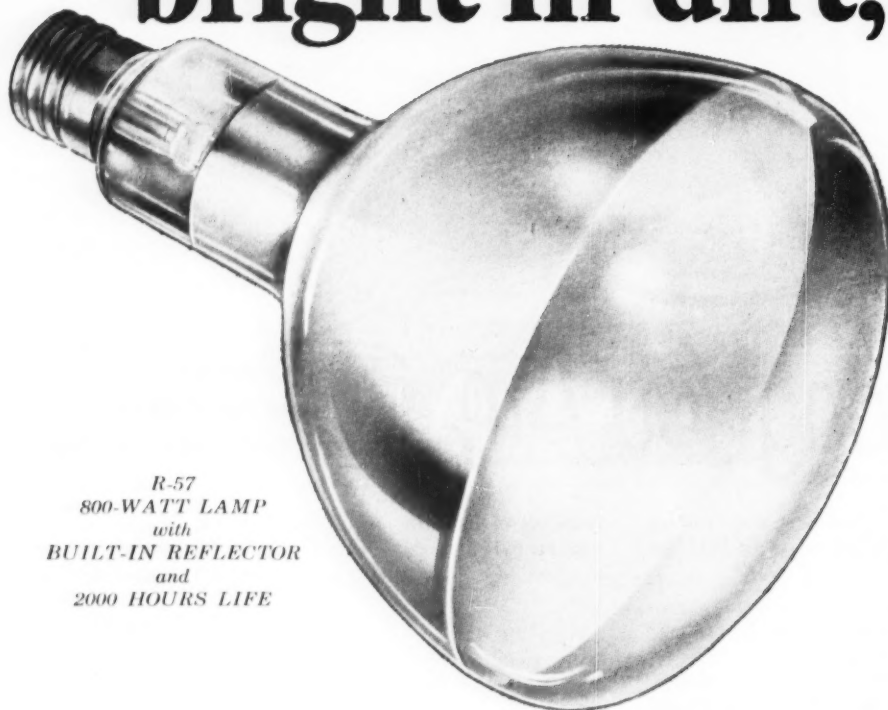
"Dictaphone" is a registered trade-mark of Dictaphone Corporation

DICTAPHONE CORPORATION, Dept. B-62  
420 Lexington Ave., N. Y. 17, N. Y.  
Please send me my free copy of "Time Itself."



Your Name \_\_\_\_\_  
Company \_\_\_\_\_  
Street Address \_\_\_\_\_  
City & Zone \_\_\_\_\_ State \_\_\_\_\_

# New Westinghouse bright in dirt, dust,



R-57  
800-WATT LAMP  
with  
BUILT-IN REFLECTOR  
and  
2000 HOURS LIFE

Now you can get bright light *longer* in high-bay areas, no matter how dirty, dusty or smoky the conditions. The new Westinghouse R-57 800-watt standard voltage lamp, with a special silvery reflector actually built inside the bulb itself, prevents dirt particles from reducing its highly efficient light output. Dust settles only on the sides, not on the light-emitting face, so no cleaning is needed.

In addition, the new R-57 lamp lasts 1000 hours longer than conventional lamps and directs all the light on the area where it is needed. It is available in two light distribution types: narrow or wide beam.

For full information, contact the Westinghouse Lamp Sales Office nearest you. Or simply mail the coupon below.

LAMP DIVISION

WESTINGHOUSE ELECTRIC CORPORATION

BLOOMFIELD, NEW JERSEY

YOU CAN BE SURE...IF IT'S

# Westinghouse

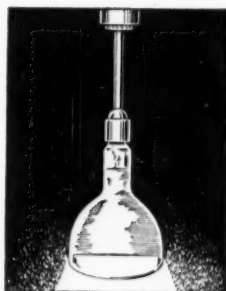


# lamp stays and smoke



**ACTUAL EFFICIENCY STUDIES PROVE** new Westinghouse R-57 800-watt lamps out-live, out-perform conventional lamps. And their special design makes them ideal, especially for high-bay lighting in foundries, mills and other industries where dust is a problem.

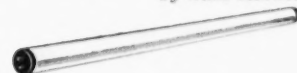
**R-57 WESTINGHOUSE LAMPS** have built-in reflector, stay bright longer with no cleaning; give more efficient light at lower cost.



**AGAIN WESTINGHOUSE MAKES HISTORY!** Brings you complete coverage of Presidential Campaign from conventions to election over CBS television and radio... Also tune in WESTINGHOUSE STUDIO ONE every week over CBS-TV.

## NEWS FROM WESTINGHOUSE, THE FASTEST-GROWING LAMP MANUFACTURER

by Sam Hibben



**DID YOU KNOW?** Owls see in near-darkness (not in total darkness, which almost never exists outdoors) because of the nature of their eyes and not the size of them. Because of two shapes of nerve-ends in the back of the eyeball, we say that humans have both "rod" vision and "cone" vision. The rods take over in dim light while the cones function in brighter light and give us color perception. Owls, cats, and other night-life have mostly or entirely "rod" vision, hence see moving objects in the dimmest lights, because apparently the nerve-rods work in bunches, thus multiplying the sensitivity.

**ON THE OTHER HAND**—While blackout driving proved possible but unsatisfactory in war-time, the effort of auto safety experts is to approximate daylight seeing conditions as nearly as possible—at least to make roadway objects visible as far ahead as it takes to stop your car—roughly 300 feet. Headlights today are so highly scientific that a pair of small 45-watt filaments illuminate a road area at least 20 times the largest living room. Their complexity is shown by the fact that Westinghouse Sealed Beam Headlamps, for instance, have 121 individual prisms, and all of these direct separate beams of light picked up from various parts of the reflector. I guess that makes them about 60 times as complicated as bi-focals, no?

**SAFETY NOTE:** If you ever blow a fuse in your car on a busy highway at night, illuminate the interior of your car with a flashlight; it makes the windows visible for a long distance, warns other motorists.

More next month.

*Samuel E. Hibben*

WESTINGHOUSE LAMP DIVISION  
BLOOMFIELD, NEW JERSEY

DEPT. 530

I'd like to have more information about the new Westinghouse R-57 800-watt lamp.

NAME.....

COMPANY.....

ADDRESS.....

CITY..... STATE.....

**BUY NOW AND SAVE!  
WESTINGHOUSE  
FLUORESCENT LAMPS  
STILL COST YOU LESS  
THAN THEY DID  
IN 1940, YET BURN  
SEVEN TIMES LONGER!**

WHETHER YOUR PRODUCT GOES

# around the Block OR around the World

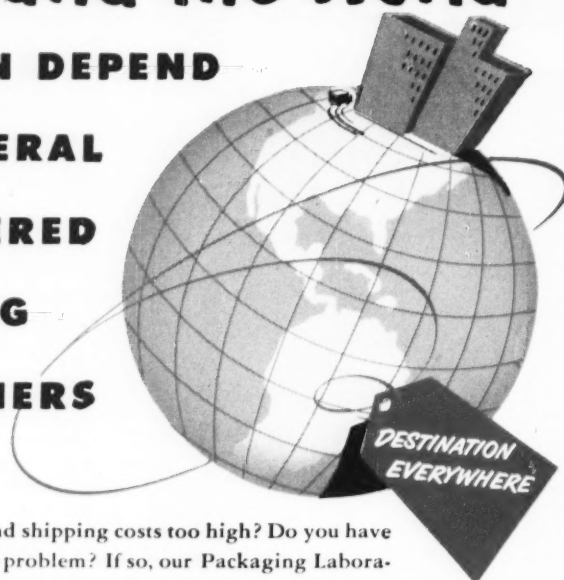
YOU CAN DEPEND

ON GENERAL

ENGINEERED

SHIPPING

CONTAINERS



Are your packing and shipping costs too high? Do you have a special packaging problem? If so, our Packaging Laboratories can probably help you. They are among the most modern and efficient in the country and are staffed with experts who have designed new and better shipping containers for hundreds of manufacturers. So, whether your product is large or small—for domestic or export shipment—write us. We will design a container that is Engineered for *Your Product*, that is "Part of *Your Product*."

General Box is certified to perform tests under the safe transit program of the Porcelain Enamel Institute.

SEND FOR YOUR COPY OF "THE GENERAL BOX"



*It is packed with facts of interest on more efficient and more economical shipping containers.*



**General**  
★★★★★

**BOX COMPANY**

1861 Miner Street, Des Plaines, Illinois

ALL TYPES OF ENGINEERED SHIPPING CONTAINERS

District Offices and Plants:

Cincinnati, Denville, N. J., Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, Sheboygan, Winchendon, General Box Company of Mississippi, Meridian, Miss., Continental Box Company, Inc., Houston, Dallas



General Wirebound Crate



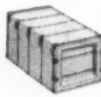
General Nailed Box



General Corrugated Box



General Cleated Corrugated Container



General All-Round Box



General Lift Pallet and Pallet Box



General Watkins-Type Box

## THE TREND OF BUSINESS

tories both slightly below a year ago, merchants were less reluctant to extend commitments than they had been earlier in the year.

Buyer activity in textile markets quickened moderately during the month but remained below year-ago levels. In the gray goods markets Government calls for fine combed goods continued to be a stimulant. Twills and broadcloths were in increased demand.

There was a slight rise in ordering of home decorating materials, gardening appurtenances, and hand tools. There was a moderate spurt in new orders for major household appliances and furnishings early in the month.

*Foreign Trade* The volume of foreign trade rose moderately last March with exports up 7 per cent and imports up 8 per cent from the levels of a month earlier. Since a year ago there had been a considerable broadening of the gap between the outgo of goods and services and the volume of imports. With exports at \$1.4 billion and imports at \$962 million in March the trade gap was nearly two and a half times that of March 1951. Over the intervening year United States shipments to foreign countries had risen by 10 per cent while the receipt of foreign goods and services had dropped 13 per cent.

Most of the monthly rise in exports was in machinery and vehicles while import increases occurred largely in vegetable food products and textile fibers. There was growing concern among European business men as well as among import-export houses in this country over threatened increases in United States tariffs. Some feared that this country's post-war leadership in

### NEW BUSINESS INCORPORATIONS

Geographical Regions	March 1952	March 1951	4 Months 1952	4 Months 1951
New England.....	432	406	1,411	1,495
Middle Atlantic.....	2,640	2,710	8,368	8,307
East North Central.....	1,278	1,251	5,050	3,753
West North Central.....	365	391	1,062	1,080
South Atlantic.....	1,190	1,031	3,443	3,180
East South Central.....	223	213	662	614
West South Central.....	586	491	1,506	1,254
Mountain.....	278	319	847	919
Pacific Coast.....	861	867	2,428	2,451
Total U. S.....	7,093	7,649	23,397	22,754

# Blown out by Mr. Edison and friends!

Read why the miracle of universal  
electric light could not have  
happened without America's Banks

**O**NE IDEA made the kerosene lamp obsolete.

But it has taken billions of dollars to replace it. America's banks put up many millions, and the story goes like this.

After Mr. Edison and his private backers proved the new incandescent lamp practical, progressive men all over the country got the notion that electric light could be sold cheaply to all the people.

From the first, the job was too big—too costly—for any individual to tackle. So groups of citizens (capitalists, if you will) got together and formed *light and power companies*.

Basically private capital has always backed any promising venture. But as the industry expanded even the most prosperous companies lacked enough hard cash for generating more power, stringing up miles of new wire and delivering current to millions of new consumers. So they went to the nation's banks for short-term loans.

They got their money. In less than 50 years, American ingenuity—teamed up with money supplied by the general public, commercial banks, and other financial institutions—put the kerosene lamp on the same museum shelf with the tallow candle.

Exceptional?

No. You can see the same pattern in just about every U. S. industry.

From the beginning, U. S. citizens have put money in banks. All together this money amounts to quite a sum in any bank, and it's the bank's job to put it to work.

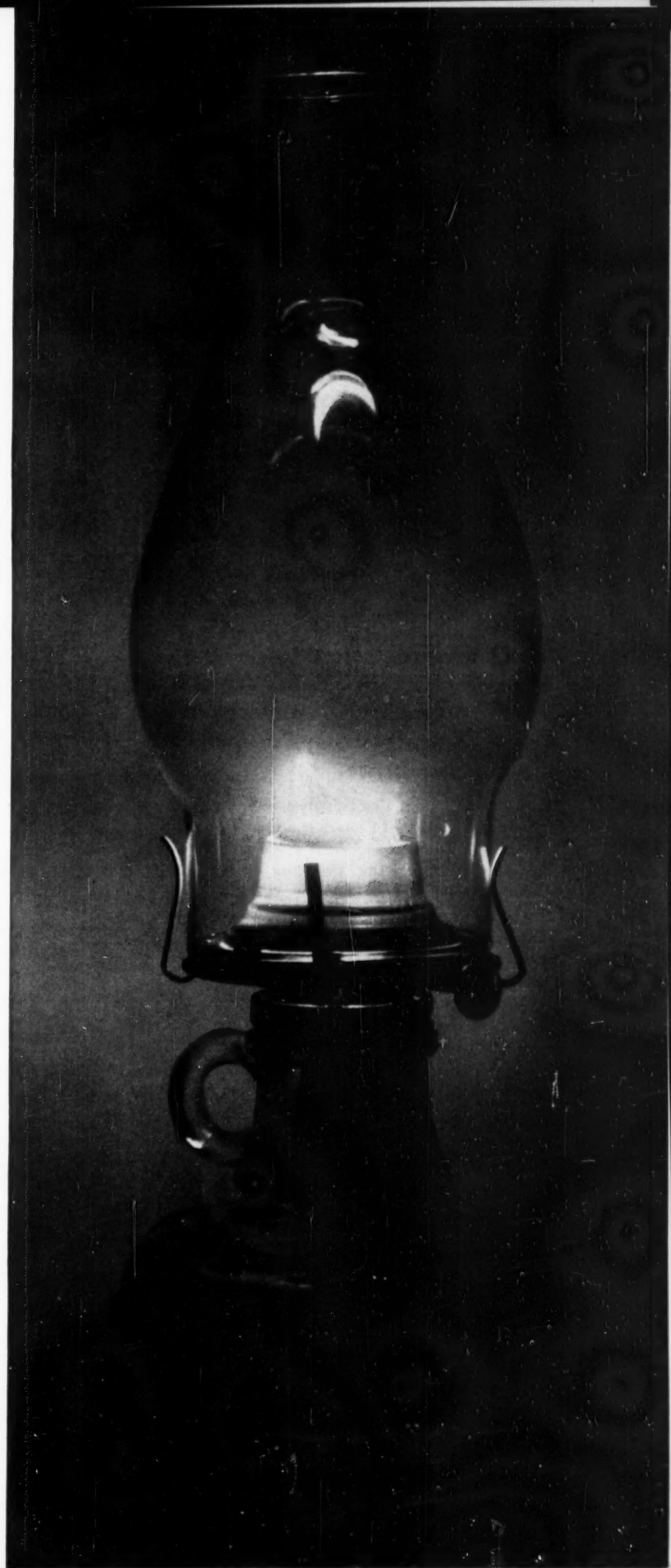
Usually, progress means profits, so banks have always competed with one another to put money to work in growing industries.

As long as competitive banking and free enterprise live under the same laws, the results will continue to be more men and women at work, profits for both manufacturer and investor and better living for every man, woman and child in the nation.

Mr. Edison's light is a good example. There are many others, and there will be many more.

Chase National Bank is proud of the part it is playing in American progress.

The CHASE National Bank  
OF THE CITY OF NEW YORK  
(Member Federal Deposit Insurance Corporation)



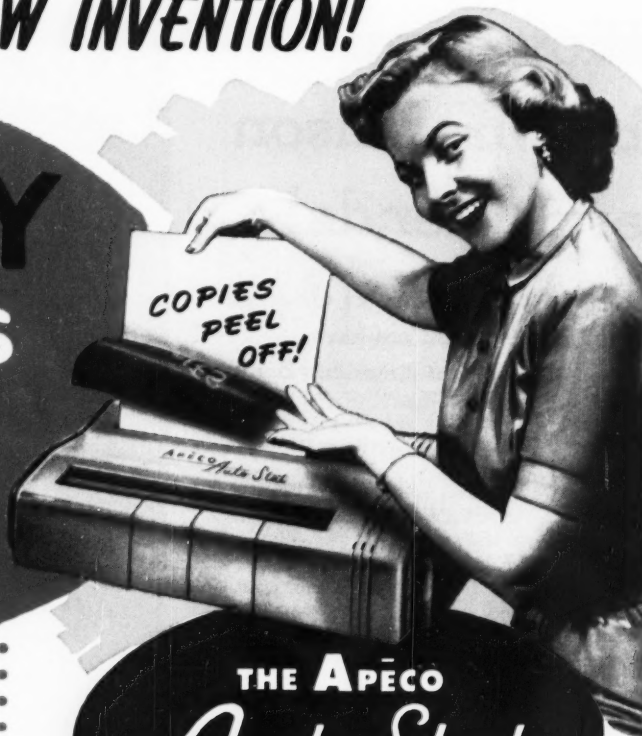


# REVOLUTIONARY NEW INVENTION!

Makes **DRY**  
PHOTOCOPIES  
of anything  
instantly!

New, low-cost machine makes photo-exact copies from original letters, forms, bids, contracts, invoices, reports, blueprints—right in your own office.

Here is the first major advancement in office copying in the last 15 years. Can save you up to 80% on your copying jobs! Eliminate costly retyping, hand copying, checking or sending outside for expensive copying service. The Auto-Stat is the first low-cost machine that makes error-proof, legally acceptable, black and white *photo-like* copies—WITHOUT SLOW, MESSY DEVELOPING, FIXING, WASHING OR DRYING. It's fast—only 2 simple steps instead of 12 required by old methods. Makes prints instantly from any originals—whether printed on one or two sides. Requires no dark room—and any inexperienced clerk can operate it!



THE **APÉCO**  
*Auto-Stat*  
ALL ELECTRIC! FULLY AUTOMATIC!

**NEW! . . .**  
**Nothing else like it!**  
**So low cost!**

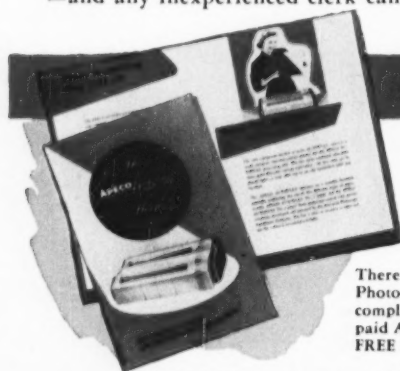
About the same size as a typewriter—and costs less! It's portable—just plug in any outlet—and the Auto-Stat is ready for instant operation.

**No developing**  
**No washing**  
**No installation**

**No fixing**  
**No drying**  
**No fumes**

**Compact!**

**Portable!**



**HAVE YOU READ THIS NEW BOOK?**

Apeco has prepared a new 12-page booklet explaining the Apeco Auto-Stat. Pictures and tells complete Auto-Stat story—shows how you can use this revolutionary new photocopy method. Here is a really informative, worthwhile, factual report on an important new copying development.

There are hundreds of uses for Auto-Stat Photocopying in every business. Get the complete details. Mail attached postage-paid AIR MAIL reply card today! Get your FREE Copy of The Apeco Auto-Stat Story!

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**attached postage-paid**  
**Air Mail Reply Card for**  
**Your FREE BOOK!**

## THE TREND OF BUSINESS

world trade would be lost. Belgium was the first country to institute retaliatory action to be taken by any nation under the international reciprocal trade agreement on tariffs.

Belgium withdrew her \$500,000 concession on industrial putty subsequent to the United States withdrawal of a \$500,000 concession on hatters' fur. Other retaliatory action seemed in the making. Protests were heard from many countries against this country's cheese quota restrictions. Meanwhile requests before the Tariff Commission to raise import duties and reduce quotas on particular kinds of merchandise grew more and more numerous.

**Failures** The number of business failures in April, at 780, marked the heaviest casualty level in twenty months. Although 13 per cent more widespread than in April last year, they remained fewer than

### FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in thousands of dollars)	Number (4 Months)		Liabilities (4 Months)	
	1952	1951	1952	1951
<b>MINING, MANUFACTURING...</b>	595	473	39,658	22,472
Mining—Coal, Oil, Misc...	14	7	1,242	1,028
Food and Kindred Products	79	66	3,430	4,727
Textile, Products, Apparel...	149	106	6,011	4,488
Lumber, Lumber Products...	77	71	4,864	2,667
Paper, Printing, Publishing...	38	26	2,071	1,117
Chemicals, Allied Products...	18	17	1,369	528
Leather, Leather Products...	35	37	1,705	697
Stone, Clay, Glass Products...	18	10	1,179	116
Iron, Steel, and Products...	18	7	1,865	171
Machinery	46	46	6,946	3,872
Transportation Equipment...	17	4	1,042	49
Miscellaneous	82	87	6,755	2,882
<b>WHOLESALE TRADE</b>	274	306	13,372	8,561
Food and Farm Products...	99	98	5,141	2,673
Apparel	15	11	464	495
Dry Goods	16	10	636	296
Lumber, Bldg. Mats., Hdw.	25	23	1,719	799
Chemicals and Drugs	9	10	797	286
Motor Vehicles, Equipment...	6	14	126	216
Miscellaneous	113	140	4,499	3,716
<b>RETAIL TRADE</b>	1,398	1,456	28,264	25,985
Food and Liquor	342	372	5,462	4,647
General Merchandise	53	58	1,559	1,156
Apparel and Accessories	243	247	4,324	3,817
Furniture, Furnishings	145	146	4,401	6,534
Lumber, Bldg. Mats., Hdw.	64	81	1,548	1,349
Automotive Group	103	109	2,714	1,573
Eating, Drinking Places	306	261	6,040	4,459
Drug Stores	38	30	546	422
Miscellaneous	121	152	2,681	2,040
<b>CONSTRUCTION</b>	303	323	10,045	10,181
General Building Contractors	117	104	5,211	3,576
Building Sub-contractors	173	204	5,037	5,136
Other Contractors	13	15	697	1,469
<b>COMMERCIAL SERVICE</b>	215	243	12,205	5,511
Passenger and Freight Trans.	65	65	8,150	2,048
Miscellaneous Public Services	14	13	585	385
Hotels	12	5	598	301
Cleaning, Dyeing, Repairs...	33	37	520	522
Laundries	13	17	343	168
Undertakers	4	4	144	96
Other Personal Services	19	23	178	395
Business, Repair Service	55	81	1,787	1,436

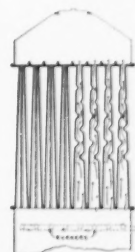
# a Gulf Stream idea in gas heat

*for Shirtsleeve Comfort*

Thanks to BORG-WARNER engineering

In much the same way that the Gulf Stream is deflected by and warms the coast of Florida, so the revolutionary Ingersoll Wedgetube Heat Exchanger sends a swirling "gulf stream" of warm air into your home. Result—Shirtsleeve Comfort all winter long.

This Wedgetube Heat Exchanger consisting of a battery of tapered, wedge-shaped flues, is an outstanding feature of all forced air gas furnaces produced by Borg-Warner's Ingersoll Products Division. As hot gases travel upward from the burners, they are compressed, and slowed down by the wedge



tubes. In addition, they are deflected by indentations in the flue sidewalls, thus producing a "scrubbing" action. This "Gulf Stream" flow gives an increased and more efficient transfer of heat to the air in the home. Less fuel is used. Fuel cost is lowered. Furnace life is lengthened. Comfort is increased.

Like all Borg-Warner products, the Ingersoll Wedgetube is the result of B-W's policy to "design it better—make it better." It is one more typical example of how...

B-W engineering makes it work

B-W production makes it available



Almost every American benefits every day  
from the 185 products made by

## BORG-WARNER



THESE UNITS FORM BORG-WARNER, Executive Offices, Chicago: BORG & BECK • BORG-WARNER INTERNATIONAL • BORG-WARNER SERVICE PARTS • CALUMET STEEL • DETROIT GEAR • FRANKLIN STEEL INGERSOLL PRODUCTS • INGERSOLL STEEL • LONG MANUFACTURING • LONG MANUFACTURING CO., LTD. MARBON • MARVEL SCHEBLER • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • MORSE CHAIN CO., LTD. • MORGE NORGE-HEAT • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS WARNER GEAR • WARNER GEAR CO., LTD. • WOOSTER DIVISION

# Careless Plant Cleaning

may be

## EATING INTO YOUR PROFITS

The cleaning in your plant can be expensive in two ways. 1. It can consume extra and expensive man hours. 2. If done improperly it reduces the wear life of floors, fixtures and equipment.

It will pay you to investigate the Tornado method of better cleaning. Tornado cleaning with the powerful Model 92 is done with air velocities over 300 mph. It picks up dirt, chips, water, oil and scrubbing solutions with equal ease.

Engineered by cleaning specialists, every Tornado is built to speed your cleaning operations—give added life to the things you clean. Write for Bulletin 600 today.



### 4 Cleaning Tools in One Machine

1. A wet-dry vacuum cleaner!
2. A shoulder-type vacuum cleaner!
3. A shoulder-type blower-sweeper!
4. A portable hand-type blower!

# BREUER ELECTRIC MFG. CO.

5106 NORTH RAVENSWOOD AVENUE • CHICAGO 40, ILLINOIS

## THE TREND OF BUSINESS

in 1950. DUN'S FAILURE INDEX rose to 31.6 failures for every 10,000 businesses after allowing for seasonal changes from the March rate of 29.5.

Liabilities involved in the month's failures rose 1 per cent to \$29.5 million, which was 73 per cent more than those involved in the failures of a year ago. Failures were more numerous in all liability size groups than a month before and, except those with small liabilities of under \$5,000, they were also more numerous than a year ago.

Much of the month's increase in failures occurred in manufacturing. Wholesalers of lumber and building materials fell by the wayside at a faster rate than any time in a year and a half. Food retailers and furniture dealers failed more frequently than in March.

All but three of the nine major regions reported monthly increases in failures, the largest rise being in the West South Central Region.

THE END

*BUSINESS FAILURES include those businesses that ceased operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization, or arrangement; or voluntarily compromised with creditors out of court.*

*CURRENT LIABILITIES, as used in the Failure Record, have a special meaning; they include all accounts and notes payable and all obligations, whether in secured form or not, known to be held by banks, officers, affiliated companies, supplying companies, or the Government. They do not include long-term, publicly held obligations. Offsetting assets are not taken into account.*

### THE FAILURE RECORD

	Apr. 1952	Mar. 1952	Apr. P. C. 1951 Chg.†
DUN'S FAILURE INDEX*			
Unadjusted .....	34.4	31.6	31.6 + 8
Adjusted, seasonally...	31.6	29.5	29.5 + 8
NUMBER OF FAILURES.....	780	715	693 + 18
NUMBER BY SIZE OF DEBT			
Under \$5,000.....	156	129	175 + 11
\$5,000-\$25,000.....	379	367	348 + 9
\$25,000-\$100,000.....	180	169	145 + 24
\$100,000 and over.....	65	50	25 + 160
NUMBER BY INDUSTRY GROUPS			
Manufacturing.....	171	148	119 + 44
Wholesale Trade.....	81	69	76 + 9
Retail Trade.....	375	371	365 + 4
Construction.....	93	72	81 + 15
Commercial Service....	58	55	52 + 12
(Liabilities in thousands)			
CURRENT.....	\$29,530	\$29,232	\$17,064 + 73
TOTAL.....	\$30,285	\$29,567	\$18,054 + 68

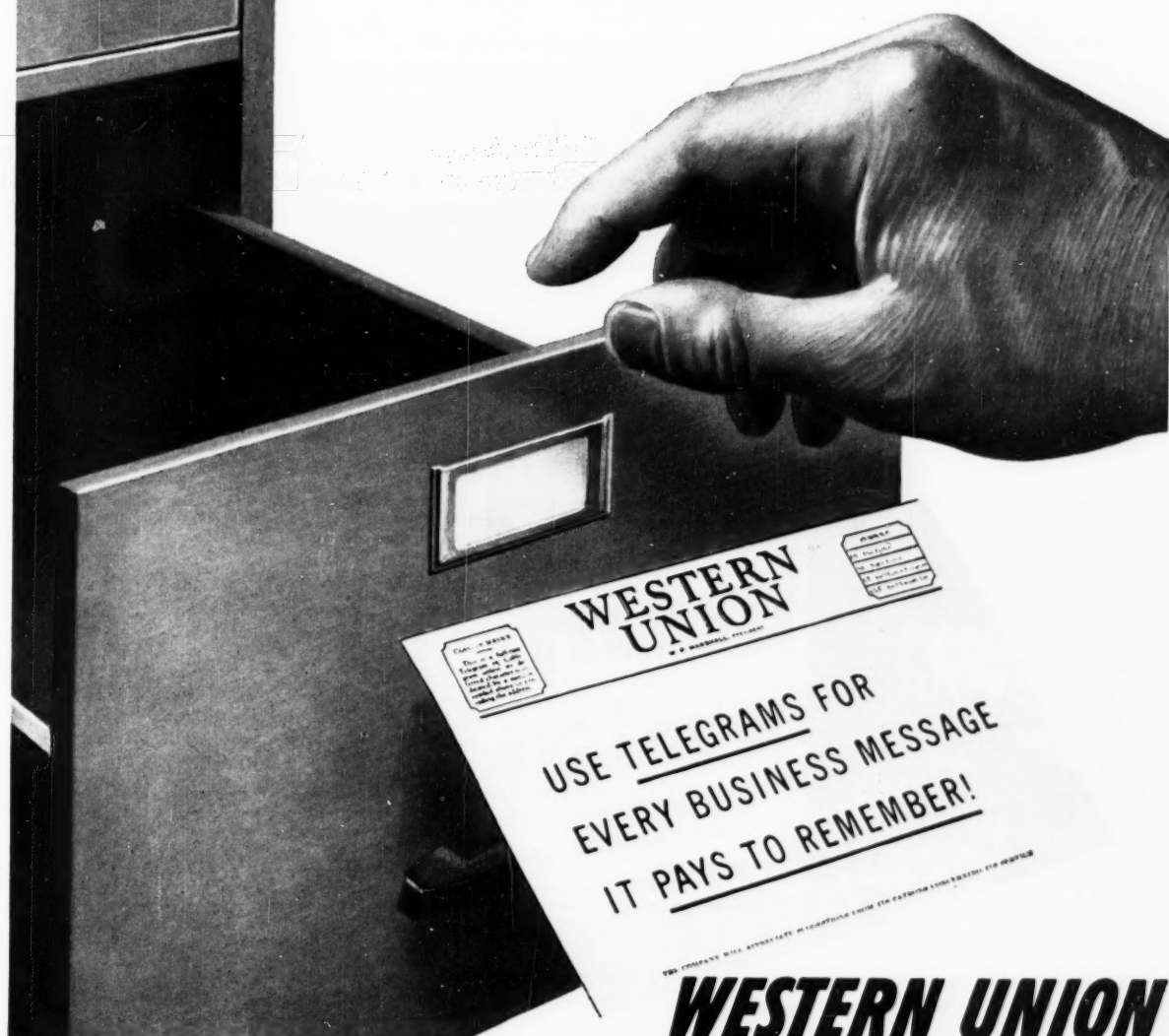
\* Apparent annual failures per 10,000 enterprises, formerly called DUN'S INSOLVENCY INDEX.

† Per cent change of April 1952 from April 1951.



# Ever try to find a CONVERSATION?

It's hard enough to remember what you said—what the other fellow said—in a talk just *yesterday*! In a week, memories get lost—figures confused—names and addresses foggy—instructions forgotten!



The illustration shows a hand reaching into a dark filing cabinet drawer. A white telegram is being pulled out. The telegram has the Western Union logo at the top, followed by the text "USE TELEGRAMS FOR EVERY BUSINESS MESSAGE" and "IT PAYS TO REMEMBER!". There are also some smaller, less legible text boxes on the telegram.

**WESTERN UNION**

USE TELEGRAMS FOR  
EVERY BUSINESS MESSAGE  
IT PAYS TO REMEMBER!

**WESTERN UNION**

## Quick Quiz for Management Men

- Does your present Service Award credit you as well as your employee?
- Does your award have useful value for years to come?
- Does your award have lasting worth in itself?

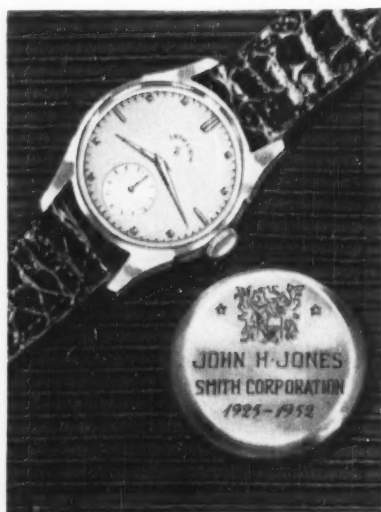
Did you answer no to any one of these questions? Then profit from the experience of hundreds of firms using Lord and Lady Elgin Watches . . . Service Awards that do all of these things—and more!

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Elgin National Watch Company  
Elgin, Illinois**

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Lord Elgin Service Award Watch 4902A. Case engraving with special company identification (including trade mark reproduction) available on back, as shown above.

## The Business Bookshelf

### Extra Brains Available

THE KNACK OF USING YOUR SUBCONSCIOUS MIND, by John K. Williams. The Updegraff Press, Ltd., Scarsdale, New York, 104 pages, \$2.50.

An unorthodox approach to the technique of solving problems is offered in this slim volume of broad implication. Mr. Williams, long a worker in the field of health, appears on first scanning to challenge all the accepted tenets of logical thinking and the scientific method of problem-solving. However, the author strives to make clear that his method, rather than a flight from logical thinking to the realms of intuition, is a refinement and improvement of the more recent findings about the processes of thought.

The subconscious mind, too frequently neglected or consigned only to the analyst's couch, can be a most sedulous servant for solving problems of all kinds. But to employ the full powers of this silent servant, standing by 24 hours a day, requires the application of techniques discovered by many successful men. The book describes how the

achievements of many men of science and industry—Einstein, Edison, Ford, Marconi, Kettering—resulted from this technique for solving problems.

Step-by-step, the author describes what should be done so that we can relax while the subconscious mind goes to work. Perhaps the most attractive aspect of this method is that the production of ideas is in inverse proportion to the effort involved. Here indeed is presented a new way of life for those harried executives who need to reduce the pressure of their work without hampering the flow of that commodity for which they are primarily paid—ideas.

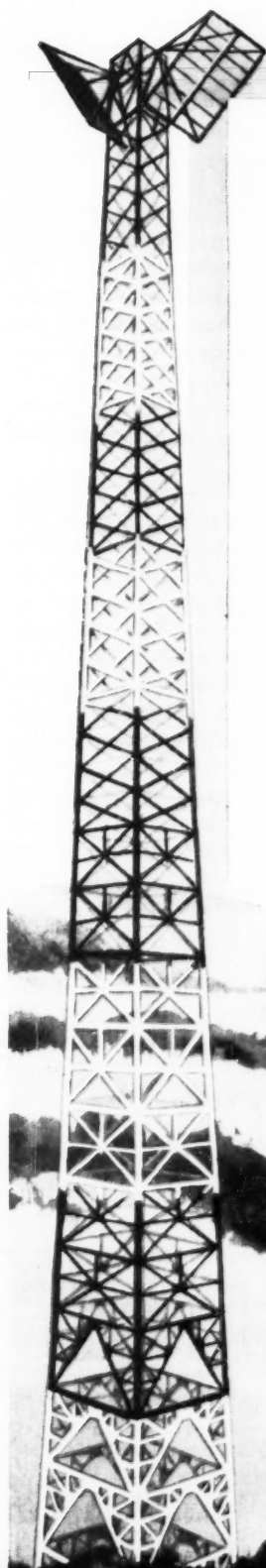
### How Executives Are Paid

COMPENSATION AND INCENTIVES FOR INDUSTRIAL EXECUTIVES, by Robert B. Fetter and Donald C. Johnson. Indiana University Press, Bloomington, Ind., 208 pages, \$5.

It seems that now more than ever before, the universities are providing business with fresh first-hand material on which to base decisions. From the School of Business of Indiana Uni-

### OTHER CURRENT READING

BOOK	SUMMARY
INVESTMENT ADVICE FOR PROFESSIONAL MEN, by Howard A. Bolton and Wilford J. Eiteman. Masterco Press, Ann Arbor, Mich., 97 pages, \$3.50.	This easily understood primer of investment for those versed in more recondite fields outlines the techniques to be applied to maximize income while minimizing risk. Should especially appeal to those harried practitioners with little time available for reading.
ACCOUNTING TRENDS AND TECHNIQUES IN PUBLISHED CORPORATE ANNUAL REPORTS, American Institute of Accounts, New York, 176 pages, \$10.	The results of the latest survey of the annual reports of more than five-hundred major corporations, describing the recent changes in the handling of such thorny problems as reserves, depreciation, inventory valuation, surplus, and many others that vex both accountants and executives.
MAPI ACCOUNTING MANUAL, Machinery and Allied Products Institute, Chicago, 172 pages, \$15.	The up-to-date revision of a basic manual in accounting for manufacturers of machinery and similar goods; includes the problems of pension plans, Government contracts, renegotiation, and the most perplexing of all: the unreliability of the dollar as a standard unit of measurement.
ANTI-TRUST LAW SYMPOSIUM 1952, Commerce Clearing House, New York, 176 pages, \$2.	A compendium of the latest developments in the field of anti-trust legislation which should flag the attention of business men concerned with avoiding unnecessary litigation.
HISTORY AND POLICIES OF THE HOME OWNERS' LOAN CORPORATION, by C. Lowell Harris. National Bureau of Economic Research, New York, 224 pages, \$3.	The dramatic inside story of the launching and development of the gigantic salvage operation which enabled millions of depression-ridden Americans to keep their homes. Rather unusual in that the Federal agency never used its full appropriations, was self-liquidating, and ended operations with a profit.
CORPORATE INCOME RETENTION 1915-1941, Sergei P. Dobrovol'sky. National Bureau of Economic Research, N. Y., 144 pages, \$2.50.	A searching analytical treatment of one of the areas of business development most in need of attention; with emphasis on the various forces that have helped to bring about a reversal in financing in recent decades.



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Hawaiian Air Lines (air-ground control)

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Shell Pipeline Co. (2nd year)

Panhandle Eastern Pipeline Company (telemetering)

Pan American Pipeline Co. (with private wire-line tie-in)

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versity comes this research study in an area of business life that is the cynosure of many at the present time—compensating executives.

Drawn from personal interviews with executives in fifty of the nation's largest corporations, the information sheds much light on the controversial problem of extra-salary compensation such as stock options, deferred payments, tax-free expense accounts, pensions, and special bonuses. These are considered by their defenders as the necessary means to attract key personnel in the face of high taxation and inflation, but as egregious tax loopholes, badly in need of plugging, by their critics.

How to strike a comfortable balance between the need for paying adequately to attract top-caliber executives and the danger of public indignation, particularly important in a free, responsive society, is one of the problems considered. The question of who determines executives' pay, its relation to expenses, sales, and profits, the method of payment, and retirement plans are also among the subjects discussed in the light of the accumulated experience of these fifty large companies.

Whether executives are spurred primarily by a craving for money, prestige, social acceptance, power, a sense of service, or some particular combination of these is still far from resolved. However, with the publication of this book another long stride on the road to fuller understanding has been taken.

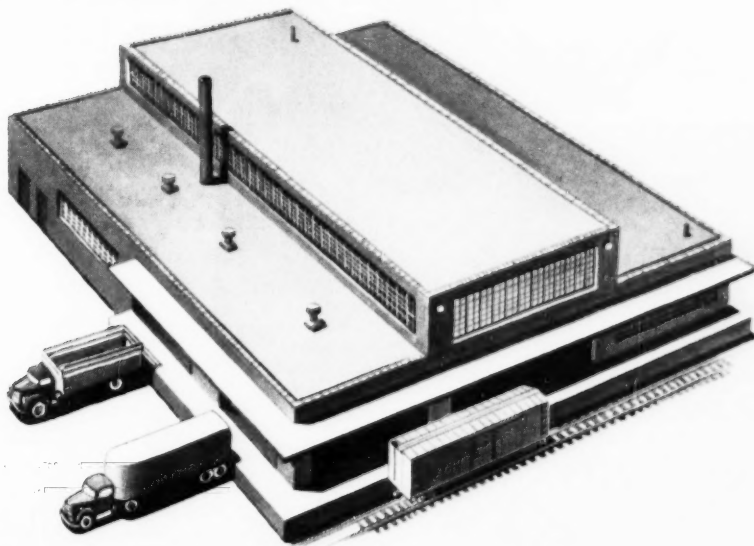
### Baptized by Fire

PROUDLY WE SAY, *The Hanover Fire Insurance Company*, New York, 78 pages.

On closing this exciting volume the reader should not be surprised to discover in his nostrils the acrid smell of smoke. For here against the flaming background of all too frequent fires is etched the inspiring story of the birth and growth of the Hanover Fire Insurance Company during its first one hundred years.

Seared but never irreparably scarred by losses from many of the sweeping holocausts of the past—the Chicago and Boston fires both of 1872 were especially staggering—the company has never failed to pay a dividend. The robust yet prudent management of its early

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years—rather uncommon in those turbulent times—enabled it to withstand the buffeting of depressions, disasters, and the depredations of piratical speculators.

As in some of the more recent company histories, a literary genre frequently marked by desiccated prose, a vivid style does much to recreate the forgotten scenes of a bygone era. Attractive illustrations of old New York during the period when volunteer fire brigades fought one another rather than the flames also evoke a remembrance of things past.

### Stamping Out Inflation

EVERYBODY'S GUIDE TO STAMP INVESTMENT, by Joseph E. Granville. *Hermitage House, New York*, 240 pages, \$2.95.

If during the years 1912 to 1929 your father had invested \$11 each month in postage stamps which were available at any post-office, that investment would to-day be worth \$145,000. That no specialized philatelic knowledge is needed to accomplish such an investment coup is the thesis of this rather unusual book.

In following the author's plan, one need not become an active hobbyist, pursuing rare stamps through the labyrinth of collecting. Instead the stamp investor restricts his buying to commemorative issues which are obtainable at every post-office several times each year. If, as the author states, about 85 per cent of a commemorative issue is soon consumed as postage, and if the number of collectors is rising steadily, it is not difficult to understand the reasons for the unrelenting rise in the value of these stamps.

However, while some stamp experts agree with the author's statement that the bulk of any commemorative issue is used for postage, others believe that, while this was true until about twenty years ago, to-day about 90 per cent of an average issue is bought by collectors.

The author compares stamps with other forms of investment in their ability to withstand the erosion of inflation, and concludes that stamps are much more advantageous to possess. Little capital is needed to begin and there is virtually no possibility of complete loss for commemorative stamps can always be used as postage.



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## Super Markets, for example



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This eliminates the tedious and costly routine of describing each check in detail

before it's forwarded to the bank for deposit. And, of course, ends transcription errors.

At the same time, the store is safeguarded against the loss of checks either in transit or by theft. For its picture-perfect microfilm records—unlike "hand" records—can't be questioned.

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# RECORDAK

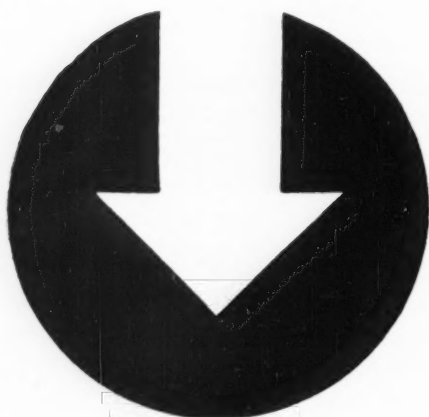
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**originator of modern microfilming—and its application to business routines**

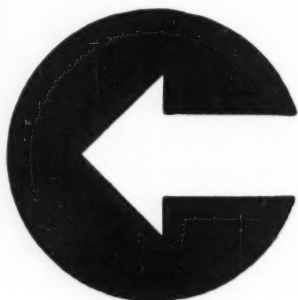
DUN'S REVIEW

45

JUNE • 1952



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## HERE and THERE

*A new way to dislodge salt* from ocean water has been announced by Ionics, Inc. of Boston, Mass. One of the chief advantages of the new method, it is said, is that by it fresh water could be produced from the sea at a cost as low as 6 cents for every thousand gallons for the power alone and as low as 10 to 20 cents when equipment amortization costs are added to the base cost.

The electric power costs would be about one-third lower than those required by the best distillation methods now in use. A new type of synthetic membrane made of low-cost coal and tar and petroleum chemical products and an electrical current effectuate an ion exchange which separates the sea water into about two-thirds fresh water and one-third brine.

The company pointed out that the membranes are not only useful in such a water desalting process, but may be able to perform such useful industrial tasks as the purification of sugar, glycerine, and milk, or in the recovery of valuable chemicals and materials from streams which are normally wasted, giving rise to troublesome water pollution problems. The new membranes may also be a valuable aid to basic biological and medical research.

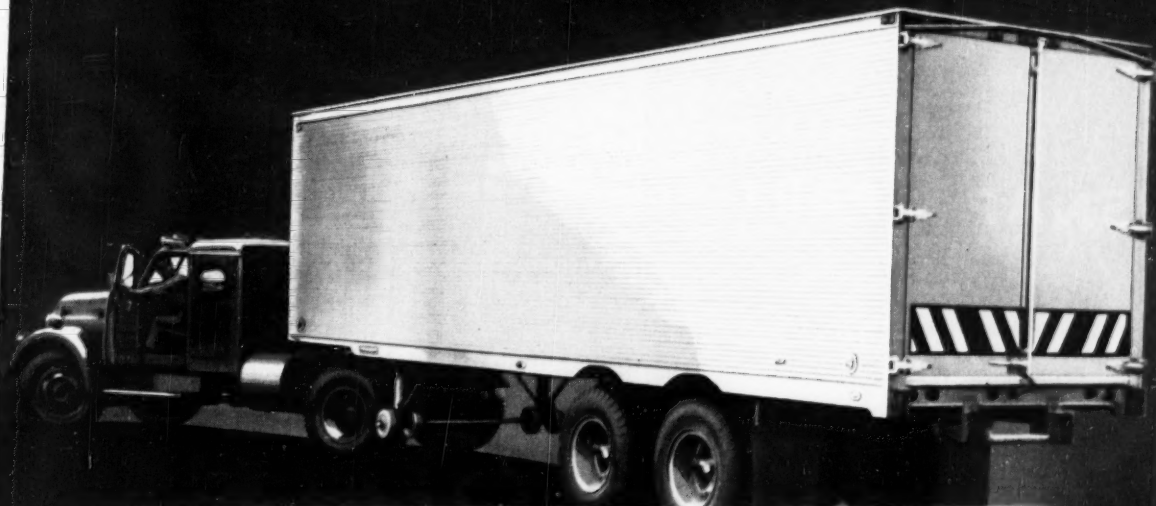
*How one company solved a water seepage problem* in its plant cooling system has been described in a recent report by the Timkin Roller Bearing Company. Four deep wells, two supply wells and two return wells, provide water for the cooling processes in Timkin's Columbus, Ohio plants.

Deep well pumps force 650 gallons of water a minute through a 3,000-foot network of factory piping and then into open cisterns, finally moving the factory-warmed water into two return wells, completing the circuit.

These were originally the same depth, 400 feet, as the supply wells and 120 feet away from them. The warm water

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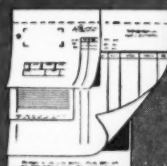
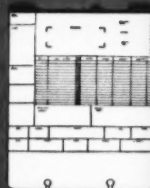
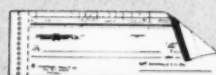
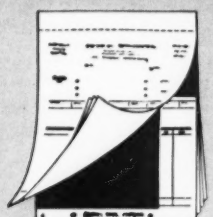
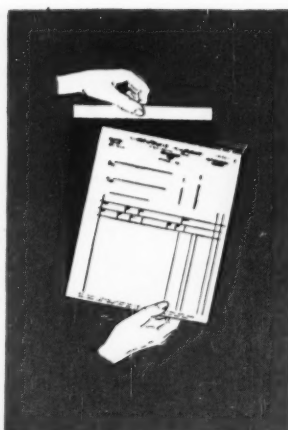
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in the return wells was found to be seeping into the supply water and raising the latter's temperature, and so lowering the efficiency of the system.

To overcome this problem the return wells were drilled to a depth of about 500 feet, tubed with 6-inch plastic pipe to a level of 475 feet, and packed off at the 400-foot level to prevent the warm return water from entering strata at any point above the supply water.

Meanwhile the supply wells were provided with deep well pumps suspended at the base of 6-inch pipe columns, which put the water in these columns under pressure so any leakage that occurred would have to move from the inside to the outside of the pipe.

These columns, originally wrought iron and eventually corroded by free hydrogen sulfide in the water, were replaced by less corrodible red brass columns. The installation was reported to have been speedily and economically performed with a small well rig mounted on a one-and-a-half ton truck.

*Immense quantities of brackish sea water* may now be used for mining sulfur in tidewater areas by means of a new process developed by the Freeport Sulphur Company of New Orleans. The unique process, evolved through eight years of laboratory experiment and pilot plant operation, solves the problem of corrosion and scale which normally makes the use of water with a high salt content impossible for sulfur extraction.

Basically the process consists in the controlled heating of brackish water under pressure to the required mining temperature of 325 degrees Fahrenheit followed by the removal of all but a minute part of the oxygen. This prevents the decomposition of scale-depositing bicarbonates in the salt water and reduces the corrosion that would otherwise occur from the extreme heat.

Normally, the elimination of scale would be by removal of all or part of the calcium or magnesium by chemical treatment, but high costs of such a project make that kind of operation unfeasible. The oxygen removal is accomplished by an apparatus consisting of a high tower in which cold sea water flows downward through packing. Water in the upper part of the tower



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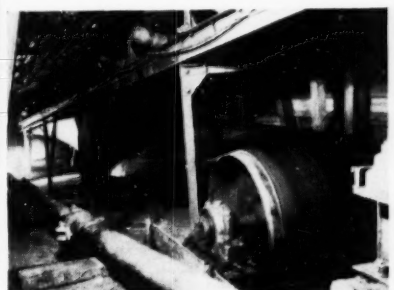
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is contacted by flue gases from steam boilers and in the lower part by products of natural gas combustion.

As the temperature of the water is raised these gases reduce the oxygen content to less than a pound for every 10 million pounds of water. The water is heated to 190 degrees Fahrenheit and then raised to mining temperature with steam in indirect heat exchangers.

**Movement of iron ore from underground mines** into surface stock-piles in an unbroken stream was possible for the first time last Winter. The operating hazards of conveyor belt operation in the sub-zero cold of Minnesota, Wisconsin, and Northern Michigan were largely overcome



For year-around operations in freezing climates or where viscous or corrosive materials are to be transported, add twist pulleys at the ends of a belt conveyor to make a turnover arrangement.

simply by running conveyor belts through a 180-degree turnover arrangement after delivery of the load.

The new method, developed jointly by B. F. Goodrich and the Chain Belt Company of Milwaukee, permits the clean side of the belt to be on top of the return idlers at all times. In this way sticky material cannot accumulate on the rotating metal parts of the system and wet materials can be handled at sub-zero temperatures without any danger of the belt freezing to the pulleys and idlers. Until last Winter belt systems in the northern mining areas had to be shut down about four months out of each year.

**No evil eye, the Liquid Eye** recently introduced by the Allin Manufacturing Company of Chicago makes the tedious and time-consuming reading of pressure gauges unnecessary by providing instant visual inspection.

The device which does this is a flow

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indicator designed for use with boiler-feed water conditioner lines, oil pressure lines, Diesel fuel oil lines, refrigerant and other chemical lines, and, as a matter of fact, in any such installation where a quick but accurate flow check is required.

The indicator is incorporated directly into the line, so it eliminates any problem of pressure drop. It consists basically of a high-pressure Pyrex tube in a brass housing through which a round opening—the "eye"—shows at a glance whether or not the liquid line is full at any given time.

**An industrial cooling** and air conditioning system which will allow workmen to operate amid a concentration of temperatures exceeding 2,000 degrees Fahrenheit, has been developed by the Carrier Corporation of Syracuse. Recently installed at the Owens-Corning Fiberglass Corporation's new plant at Anderson, S. C., it has been found to maintain uniform temperature and humidity conditions required for manufacturing specifications as well as for worker comfort and morale.

It holds temperatures to a maximum of 80 degrees and eliminates more than 90 per cent of the heat radiations in an area surrounded on three sides by furnaces. Relative humidity is maintained at 50 per cent. Refrigeration for the air conditioning is provided by two centrifugal refrigeration machines with a cooling capacity of 1,000 tons.

**A tiny robot now acts as a muscle** for high-speed planes. The Lilliputian mechanism, recently developed by the Minneapolis-Honeywell Regulator Company, is no larger than a man's fist and, taking an electrical impulse barely strong enough to tickle a mosquito, it turns it into sufficient power to move an object the size of a street-car. This mighty little servo-mechanism was designed to solve the difficult problem of moving various control surfaces on present-day supersonic aircraft.

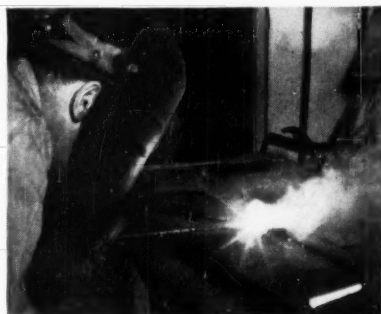
Its ability to transform extremely weak signals into powerful mechanical energy is complemented by a speed of response of more than a hundred signals every second. Known technically as the SS Hydraulic Servo, it was developed in recognition of the fact that



the increased complexities of modern aircraft demand automatic control systems that are able to do much more than a merely human pilot could do.

*A new electrode for gouging, chamfering, cleaning, and partial milling operations on any metal or alloy was recently announced by the Eutectic Welding Alloys Corporation of Flushing, N. Y. Designed primarily to speed up fabrication of armor plate and other hard-to-cut alloys, it may also be used to provide a short cut to faster machining operations, say the manufacturers, since its use as a quick tool for metal removal may free much-needed machine tools for other work.*

Called the ChamferTrode, it should



*A clean groove cut in less than usual time is made possible by this new welding device. Regular DC welding machines supply power. No auxiliary oxygen supply or special gadgets are needed.*

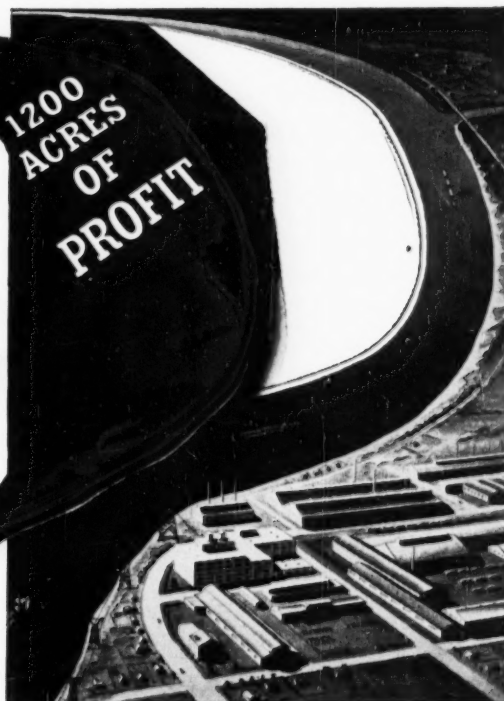
provide the user considerable savings in both time and machining costs. A heavy coating which forms a cone at the striking end of the electrode provides a natural jet-effect arc. The intense heat of this arc is concentrated so the base metal remains relatively cool while the unwanted part is gouged out and a clean, slag-free surface is left. This is said to require no preliminary attention before subsequent brazing or welding operations are desired.

The chamfering blast is concentrated sufficiently so that the physical properties of the basic metal remain relatively unaffected and, where thin material is chamfered, there is practically no resultant warping. A delay action in the arc permits the welder to find the precise point for metal removal and to place the end of his electrode at that point without striking an immediate arc. He then has several seconds in

*(Continued on page 54)*

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"Pin-Point" surveys are strictly confidential

Finding the right spot for your new plant can be a costly, time-consuming job for you and your organization. Let our experts in this field make the task easy by preparing a special PIN-POINT survey to meet your requirements. For further information write Chesapeake and Ohio, Industrial Development Department, Terminal Tower Building, Cleveland 1, Ohio.

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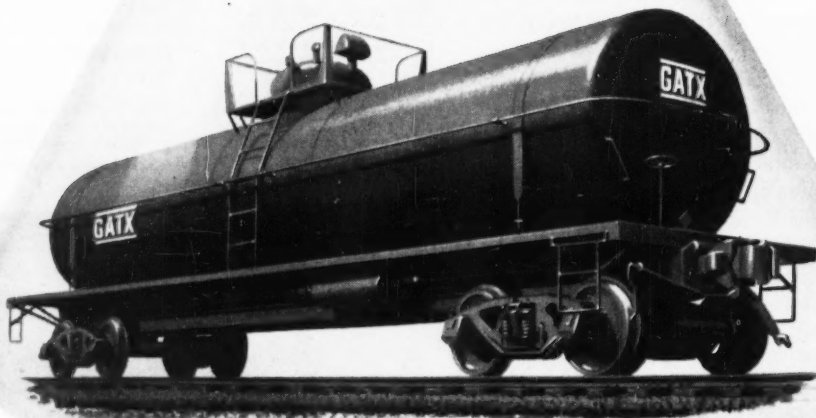
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# Industries and General American



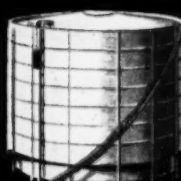
District Offices: Buffalo • Cleveland • Dallas  
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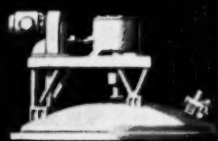
**TRANS-FLO<sup>®</sup> CARS** for hauling dry, granular products (chemicals, plastics, foodstuffs, etc.) in bigger loads at less operating costs. Completely sanitary shipment, too.



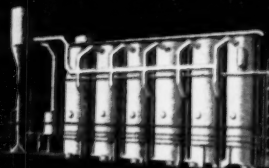
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**CONKEY EVAPORATORS** fabricated in General American shops. Fish solubles, chemicals, paper and pulp, waste liquors and pharmaceutical—are some of the many applications.



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which to adjust the device before having to pull his protective shield down. An accurate cut is made possible.

*A water-shedding compound* known as Water Displacing Liquid No. 51 has been developed recently by Enthone, Inc., of New Haven, Conn. The compound is designed to displace water films on metal surfaces to make rapid stain-free drying possible.

Tarnishing, staining, and solid residue deposits are prevented by the thin film remaining after evaporation of the solvent at room temperature. This film, in turn, can be removed conveniently by vapor or liquid solvent degreasing if a perfectly clean surface is needed for subsequent lacquering or enameling.

*A new kind of die head* is incorporated into the Rigid "500" Pipe and Bolt Threading Machine recently introduced by the Ridge Tool Company of Elyria, Ohio which should reduce initial cost and allow measurable savings in both work and time. It is a self-contained quadritype die head instantly adjustable to thread one-inch to two-inch pipe, including over and under size regardless of the lever position and without removing dies or the die head from the machine.

*The lumber industry's dream* of generating enough power from waste wood to run its sawmills came a lot closer to reality with the announcement at a recent meeting of the American Society of Mechanical Engineers that combustion efficiencies of 92.5 to 99 per cent have been obtained with a sawdust-fed gas turbine.

Developed at the Oregon Forest Products Laboratory, the turbine was found to be capable of generating three times as much heat as that attained in most sawmill installations producing heat from hogged fuel and fifteen times as much heat as that of most boiler installations using wood fuel.

Studies by the laboratory showed that sawmills in Oregon produce a much greater volume of wood waste fuel in the manufacture of lumber than would be required to supply power requirements of sawmills. The turbine used was an aircraft turbosupercharger.

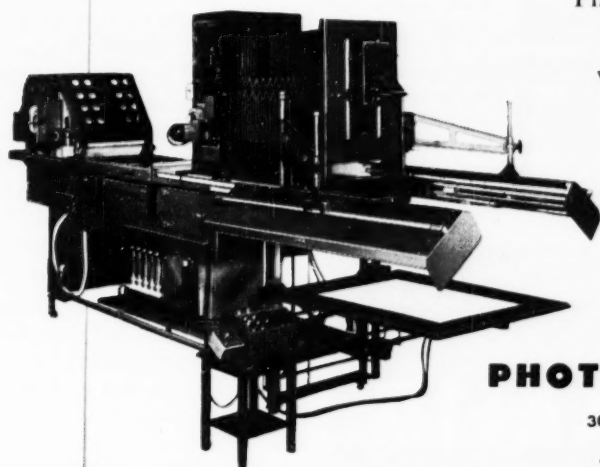
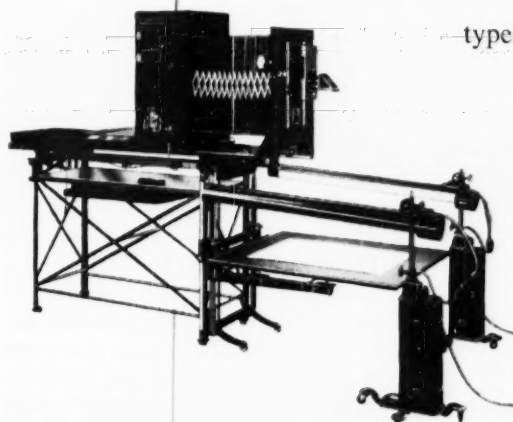
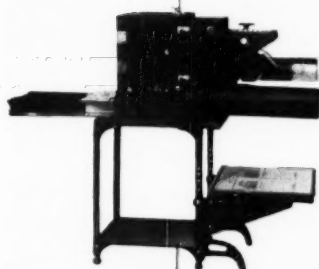
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## Attorney General's Office uses



# OZAMATIC to improve service and SAVE TAXPAYERS' MONEY!

Attorney General Smith Troy, State of Washington

### The Problem

Attorney General Smith Troy's Olympia, Washington, office was facing the same non-legal problem with which many businesses are struggling—the increasing demand for file space. To provide for special requests for copies of the Attorney General's opinions, it was necessary to hold 50-55 extra copies on file as long as the opinion was effective. Since the Attorney General's opinions are ruling until superseded (which is seldom), the storage problem was becoming more and more acute.

### The Solution

After installing the OZAMATIC, the Attorney General's office began to thin out its files by disposing of all extra printed copies of opinions, replacing them with single master copies typed on translucent paper. "We estimate," says Mr. Smith Troy, "that we can reduce the size of our file room by 45% when this thinning out process is complete."

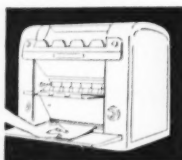
By using the OZAMATIC copies in the many instances where letters from the Attorney General's office are distributed to 15 or 20 recipients, substantial savings in office stationery and carbon paper are also expected. "Most satisfying of all,"

reports Mr. Smith Troy, "we are able to give faster and more satisfactory service to everyone concerned with our office."

### How OZAMATIC Can Save You Money

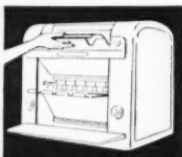
The desk-top OZAMATIC uses the famous low-cost, high-speed Ozalid direct copy process that is 60 times faster than old-fashioned copying. Anyone can learn to operate the OZAMATIC in 5 minutes—can deliver your first copy in seconds, or up to 1,000 letter-size copies per hour at a cost of less than 1½¢ each.

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## CHANGE

Continued from page 20

observed that major changes come about every twenty years. Some come in much less time and others take more than twenty years. For example the first steam train operated in the United States in 1830. However, it was not until the 1850's that railroads really became important and the great building era was in the 1870's and the 1880's.

Automobiles were operated in the 1890's but it was not until the 1920's that they came into widespread use and our system of paved highways was built. A leading dealer in a rich agricultural area reported his peak sale of buggies in 1919.

Goods were handled on pallets (called skids) in the 1920's, but it was not until the high wages and labor shortages of the 1940's that they really came into use and even yet they are by no means universally used.

The writer visited a modern one-story grocery wholesale warehouse in 1934. It was not until the 1940's that one-story warehouses became common and in 1952 they are perhaps the exception rather than the rule.

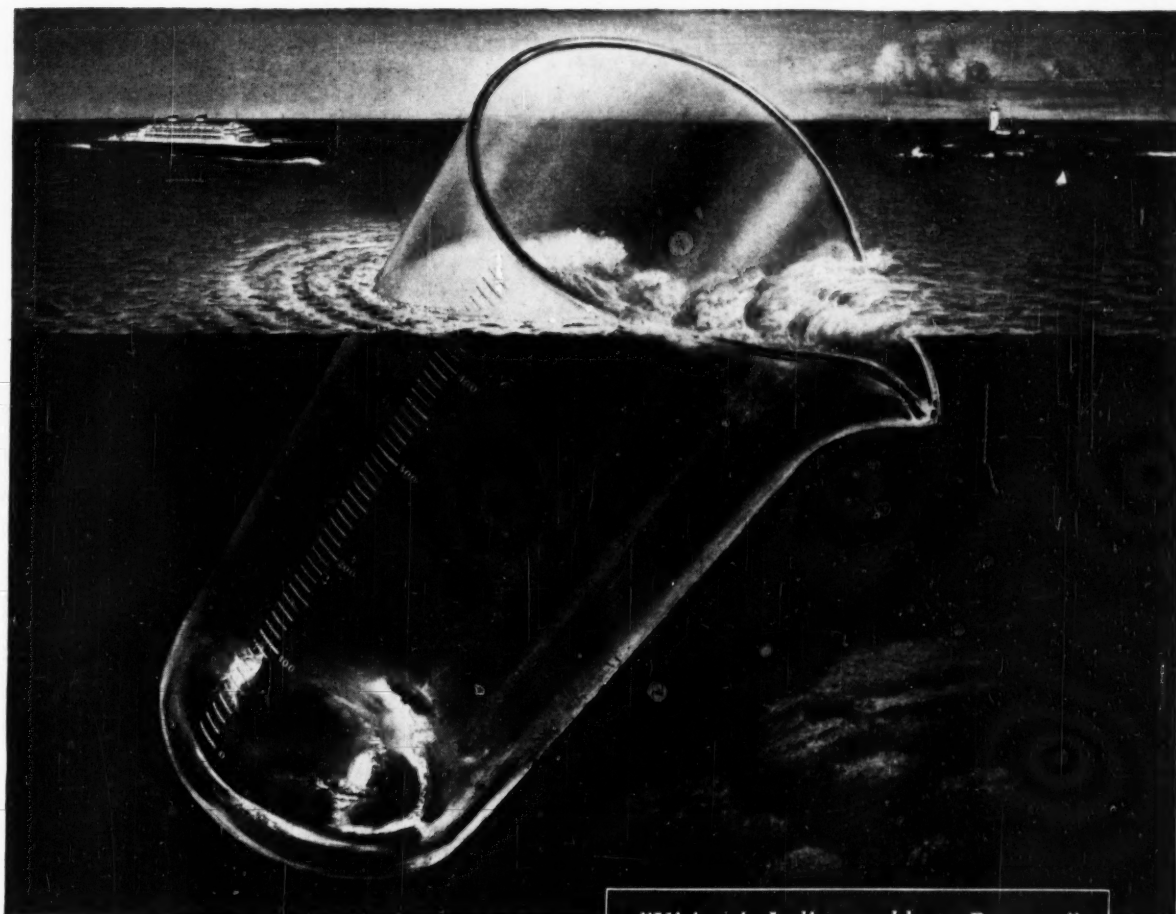
Prior to World War I a few Swedish ships were operated by diesel engines. The economy of the diesel engine was proclaimed in technical journals in the 1910's, but very few were in use in the United States. The reason given was their high price. Why was the price high? The manufacturers said prices were high because they sold so few.

In the early 1920's, I assigned a student with mechanical experience the problem of finding out why so few diesel engines were in use. He reported that the claims of their economies were fully justified. However, the only reason he could find for their small sales were the high prices, and the reason given for the high price was the small sales volume.

In the middle 1930's the Burlington Railroad, which had been experimenting with diesel engines for some time, amazed the country with its fast diesel powered Zephyrs between Chicago and the Twin Cities. It was another decade before we had our first completely dieselized railroad.

Domestic mechanical refrigerators





*"Vision is Indispensable to Progress"*

## How much salt water contains 5-million tons of metal?

The chemical industry, in extracting magnesium from sea water, works one of its many modern miracles. In each cubic mile there are 5-million tons of this ultra-lightweight metal!

Through equally fantastic chemical magic, this industry turns soybeans into paint, natural gas into television cabinets and coal into shower curtains! Even more fabulous is the ability of the research chemist to take apart various forms of matter, molecule by molecule, and put them together to form entirely new substances

never found in nature.

Basic chemical raw materials, previously imported or refined at great expense, now are produced synthetically in volume from abundant local materials. From hydro-carbons alone the chemical industry now produces over fifty-thousand compounds.

The vast changes in our econ-

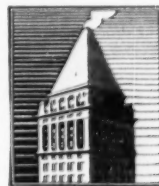
omy and the measurable advance toward continental self-sufficiency brought about by the chemical industry are typical of the forward strides being made by progressive American companies.

Only under a system of free competitive enterprise can men exercise the vision and initiative essential to such progress.

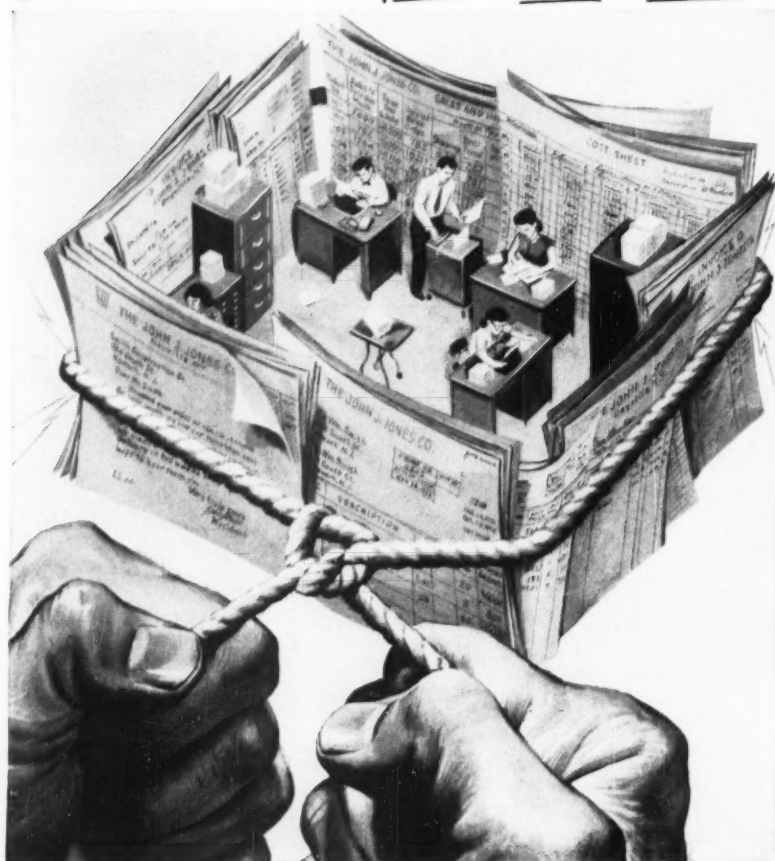
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Company.....

Street.....

City..... Zone..... State.....

were being widely sold in 1925. The ice manufacturers became much worried and made surveys in some cities and found that a very large proportion of the families had no refrigerators. Thus by promoting ice sales to families without refrigerators they could gain customers as fast as they lost customers who purchased mechanical refrigerators. Ice is still being sold 25 years later. The ice manufacturers have had 25 years to adjust their business. A number of them have made the adjustment in different ways.

### Adjustment to Change

A manufacturer might elect to sell electric refrigerators, take the old ice boxes in trade-ins and sell them to lower income families who would then be customers for ice. Another ice manufacturer might elect to remodel his factory into a locker plant, using his employees to operate the plant and butcher, cut, and wrap meat and other products for his patrons. Another manufacturer might elect to enter the frozen food business, using his plant for storage and his drivers and trucks for selling and delivering to retail stores. If a manufacturer did not find an opening in any of these ways, he could operate his ice plant for a number of years and gradually recover his capital through depreciation and invest it elsewhere.

Sales of pianos decreased because of the phonograph, but have since recovered. Sales of phonographs almost stopped when radio came into use, but have since revived and the sale of records and record players is said to be at an all-time high. Sales of candles are said to be higher than at the time oil was discovered in Pennsylvania.

Modern accounting methods came into use about the beginning of the century. The first modern type cash-carry grocery is said to have started in 1908 and the first self-serve grocery store in 1916. Accounting methods made possible the supervision of a number of stores in different towns and so helped the development of the chain store. The chain food store seized upon the cash-carry method as a means of reducing expenses and lowering prices.

It has been said that most of the major types of retail institutions have used low prices to gain patronage. This

# How earnings work to produce more oil

IMPORTANT FACTS FROM THE 1951 ANNUAL REPORT OF STANDARD OIL COMPANY (NEW JERSEY)

**I**N THE FREE WORLD, people use tremendous amounts of oil. Meeting their needs, rising year after year, has been one of the notable industrial accomplishments of our time.

For example, the peak war effort in 1945 pushed use of oil 23% higher than in 1940. This looked like a mark that would not be topped for years.

But vigorous post-war reconstruction, and expansion of industry, transportation and agriculture, made oil use in 1946 greater even than in 1945. And in 1951 it was 58% higher than in 1946.

To supply this oil has called for great expansion by the petroleum industry. It has meant new wells, pipe lines, storage tanks, refineries, tankships . . . in times of high costs.

The job has required a vast outlay of money, which has been provided largely by the industry's own earnings.

How this works out is shown in the case of Standard Oil Company (New Jersey), an American corporation having investments in companies carrying on the varied functions of the oil business in the United States and abroad.

Consolidated net income of Jersey and affiliates for 1951 was \$528,461,000. Of this, \$278,862,000, or 53%, was used to help provide new equipment.

In the six years since 1945, Jersey and affiliates have spent \$2,350,000,000 for replacement and expansion of facilities. Depreciation and depletion reserves provided only 44% of that amount. The largest share of the expenditure was met by the reinvestment of earnings.

During 1951 alone, to do their part in supplying more oil for the free world, companies in which Standard Oil Company (New Jersey) has investments:

## Discovered Oil

In the United States, made new oil discoveries in the Williston basin, the Uinta basin, and Texas . . . In Latin America, extended known fields in Venezuela, and opened up a new area in Colombia . . . In the Middle East, Arabian American Oil Company made two important discoveries, one in the offshore waters of the Persian Gulf . . .

## Developed Production

In the United States, drilled more wells than in any year since 1937, and greatly expanded secondary recovery operations to get more oil from existing fields . . . In Venezuela, completed 190 producing wells . . . In Canada, increased total producing wells from 844 to 1,140 . . . In the Middle East, Arabian American Oil Company and Iraq Petroleum Company increased production 57% . . .

## Expanded Refining Capacity

At Baton Rouge, La., and Everett, Mass., enlarged refineries . . . At Winnipeg, in Canada, opened a new refinery and, at Edmonton, Sarnia, and Van-

couver added facilities . . . At Fawley, England, put the largest refinery in the United Kingdom on stream . . . At Antwerp, Belgium, proceeded with field work on a large refinery . . . at Durban, South Africa, started work on a refinery, and at Bombay, India, completed arrangements to build a new one . . .

## Expanded Transportation

In the United States, boosted pipe line capacity substantially, particularly in the South . . . Ordered twelve new ocean-going tankships, bringing the post-war total of those purchased or contracted for to 72 . . . Began to bring Western Canadian oil to consumers in the Eastern provinces by means of two large, new Great Lakes tankers, with a third going in service this spring . . . In Iraq, Iraq Petroleum Company brought near completion a new 556-mile pipe line from the oil fields to the Mediterranean. It will permit oil production in Iraq to be more than doubled in 1952 . . .

## Advanced Research

Put into the search for new and improved processes and products a total of \$23,100,000, one of the largest expenditures for such a purpose by any company . . .

## Continued Good Employee Relations

The interest of the company and its employees in maintaining good mutual relationships resulted in another year without strikes or work stoppages in the domestic affiliates. This was an important factor in meeting the increased demand for oil . . .

**A**S THE FREE WORLD GROWS IN STRENGTH, it calls for more and more oil. So, not just to the 254,000 shareholders who own Jersey, but to people on freedom's side all through the world, the two outstanding facts about our Annual Report for 1951 are: (1) Jersey affiliates again did their part in meeting the growing needs for oil; and (2) the competitive business system that did this job produced the earnings to help meet even greater needs in the future.

## FINANCIAL SUMMARY

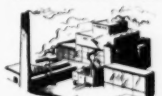
Standard Oil Company (New Jersey)  
and Consolidated Affiliates

Total income from sales, services, dividends and interest	\$3,863,317,000
Net income	\$528,461,000 or \$8.72 per share
Dividends	\$249,599,000 or \$4.12½ per share
Wages and other employment costs	\$600,500,000
Taxes charged to income	\$400,700,000
Other taxes, collected for governments	\$329,900,000
Spent for new plants and facilities	\$381,824,000
Number of shareholder-owners	254,000
Number of employees	120,000

We'll gladly send a copy of the full report if you wish one.  
Write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.



OIL FOR ARMED FORCES



OIL FOR FACTORIES



OIL FOR CARS



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OIL TO MAKE RUBBER



OIL TO MAKE CHEMICALS

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES



# WILL RUSSIA BEAT THE U.S.?

That's the big question in the 1952 Olympic Games as Russia enters its first complete team in this great sports event. A Russian victory would provide Communism with a powerful propaganda weapon to support its claims about the softness and decay inherent in a democracy such as ours. The Russian Government is financing all costs of her team... the instructions are to win or else!

We can't win with half a team! There is no government subsidy for the United States Olympic Team... the effectiveness of our 1952 squad is entirely up to you. Because of rising costs your help is needed more than ever to make sure we send a complete and effective team into competition with the 70 other nations to be represented. Just a dollar bill from *you* and *you* and *you* will assure the U.S. of all the things necessary for a winning team.

Yes, for the first time in history, every man, woman and child in the United States has a chance to back

up their own Olympic Team... and that backing is sorely needed, NOW! Your dollar goes for transportation, food, lodging, uniforms and equipment. The athletes, coaches, officials, trainers... anyone connected with the Games... serve without pay on a purely voluntary basis.

## You Get Special Souvenir Direct From Olympics!

In return for your dollar it has been arranged that a sensational, different kind of Souvenir Postcard will be sent to you, to your son, daughter, or anyone you specify. It will have the autographs of Olympic Team Members, will bear an exclusive, special Finnish Olympic stamp and will be mailed and postmarked from Helsinki, Finland.

That our record of outstanding achievement will not be broken in 1952, we hope every American will really get behind this year's team to assure a U. S. victory. Just attach your contribution to the coupon below.

### UNITED STATES OLYMPIC FUND

National Headquarters, 10 N. LaSalle St., Chicago 2, Ill.



Gentlemen:

I'm back of you one hundred percent. Here is my \$1.00 to help the U. S. win the 1952 Olympics. And don't forget to put me down for that special Olympic souvenir postcard.

Name \_\_\_\_\_

Address \_\_\_\_\_ (PLEASE PRINT)

City \_\_\_\_\_ State \_\_\_\_\_

(If card is to be mailed to someone else please print their name and address below)

**LARGER DONATIONS WILL BE GRATEFULLY ACCEPTED**

(Can Be Deducted From Federal Income Tax)

**HERE'S HOW I WANT POSTCARD ADDRESSED**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Preparation Costs of This Announcement Donated by These Chicago Companies:

J. M. Bundscho, Inc., Typography • Schreiner-Bennett, Inc., Art Work

Revere Photo Engraving, Engravings • Partridge & Anderson Co., Plates & Matrices

**This Space Donated by  
DUN & BRADSTREET, Inc.**

DUN'S REVIEW

60

JUNE 1952

was true of the mail-order house, the chain store, and the super-market, and some say that it was also true of the department store.

Chains of stores have existed for centuries and several of our successful chain organizations started in the last century. However, their growth was relatively slow for many years. They had their most rapid growth in the 1920's the decade that saw the automobile come into common use. Cash-carry grocery stores were at first small neighborhood stores operated by one or two workers. Some were closed while the manager went home for lunch

## Road to Super-Market

With the coming of the automobile, people could carry their groceries home from a distance. Hence it was not necessary to have a store in every small neighborhood. The expense of supervising the small stores was high in relation to their sales. Thus, there was a trend to larger stores. This was very noticeable among the chain food stores in the 1920's and 1930's.

With the depression of the early 1930's consumer incomes were reduced and people were forced to economize. There was much distress merchandise available. Vacant buildings could often be had at low rents.

Putting together the self-serve-cash-carry method of operation with distress merchandise, and low rent buildings, the super-market was born. It was a success and in a few years spread from the large to smaller cities. At first there were several types of supers. Some were made up largely of leased departments. Some sold many kinds of goods includ-



"Care to swear he's in conference?"



COAST TO COAST more and more buildings are installing Westinghouse Vertical Transportation. A. Biscayne Terrace Hotel, Miami. B. V. A. Hospital, Ft. Hamilton, Bklyn., N. Y. C. Filene's, Boston. D. General Accounting Office Bldg., Wash., D. C. E. Greater Pittsburgh Airport, Pittsburgh, Pa.

## HOW TO SIZE UP THE FACTS...

### *about planning for Vertical Transportation*

In one way or another today, we are all concerned with *research*. In management thinking, research, or the assembling and analysis of facts, is essential—prior to decisions involving the planning of major projects.

Consider the planning of vertical transportation, for instance. The logical pre-planning procedure is the systematic collection and comparison of facts. But, we ask that you size up the facts about the *products of several elevator manufacturers*. For only by comparing facts can you decide on a system that will bring the greatest return on your investment and that best suits the vertical

transportation needs of your building.

Through the years, Westinghouse engineering achievements have stimulated the vertical transportation industry to work for ever-higher standards. In every phase of vertical transportation—equipment, maintenance and service—Westinghouse has set the pace. So, if you plan projects that include vertical transportation, see Westinghouse before you decide.

For information on Westinghouse help in planning, write Westinghouse Electric Corp., Elevator Division, Dept. W, Jersey City, N. J.

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Less operating cost per filing inch!  
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# ROL-DEX DIVISION

of Watson Manufacturing Company, Inc.  
Jamestown 27, New York



ing clothing and some people predicted that the super-market would develop into a department store. Some operated in warehouses outside retail districts.

Some bought beautiful and expensive fixtures. Stories were told of such extra services as pipe organ music. After some years it was found that the consumers wanted low prices and not elaborate fixtures; that they wanted parking space; they wanted a one-stop store where they could buy all their foods as well as many other household needs such as drugs and hardware.

### Added Features

Some super-markets also sell magazines, stock feeds, and lines of children's and work clothes. Some operate lunch counters and some have pharmacists. The super-market thus handles most kinds of convenience goods except gasoline and oil.

The sale of drugs, toilet articles, and other household needs in food stores has brought changes in wholesaling. A new kind of jobber, popularly called "rack jobber" has come into existence. These are short-line jobbers that supply food stores with such goods as drugs and toilet articles. Some of them install a display case (hence the name *rack*) on which they place their goods. When their trucks come around they replenish the stocks and charge the store with the goods that have been sold.

The retailer thus avoids problems of purchasing and display and does not have to pay for the goods until they are sold. Goods which do not sell in one store can be taken to another store.

Many wholesale grocers now carry drugs and some wholesale druggists have their salesmen calling upon food stores. Manufacturers of drugs, toilet goods, and household supplies may use food brokers to reach super-market operators and wholesale grocers.

We have been pointing out that products and method of operation change, but that such changes do not take place over-night. The Great Atlantic and Pacific Tea Company has grown to be our largest food distributor and one of the largest companies in the country with sales of more than \$3 billion a year. Some lessons may be learned from its operations.

It was started by George Francis Gil-



# WHEN CAPITAL CHANGES UPSET THE FEDERAL TAX PICTURE...

## AMERICAN TELEPHONE & TELEGRAPH CO.—Continued

9-1-47 Convertible debenture 3s, 1956 called at 104 and interest. Amount charged for dividend adjustment would apparently be added to basis of stock. Amount credited for interest adjustment would apparently be interest income.

10-31-47 Rights (common) to convertible debenture 2 3/4s, 1957, \$100 debenture per 6 shares held at par flat. Expired 12-15-47. Nontaxable. 98.7517%  
Stock (156-155 1/2) 155.75 1.2483%

Rights (2-1 15/16) 1.96875  
Convertible (nontaxable) into common by surrender of \$100 debenture and \$40 cash per share stock. Amount charged for dividend adjustment would apparently be added to basis of stock. Amount credited for interest adjustment would apparently be interest income.

5-6-49 Rights, common to convertible debentures 3 1/8s, 1959, \$100 debentures per 6 shares held at par. Expired 6-20-49. Nontaxable.

Stock (142 1/4-141 3/4) 141.9375  
Rights (19/32-15/32) 1.21875  
Holding period of rights is same as holding period of stock which received. If rights are exercised, basis of bonds is subscription cost plus basis of rights surrendered on subscription. Date of acquisition of bonds purchased by rights for holding period purposes is date of exercise of rights.

Debentures convertible (nontaxable) into common at \$130 per share (\$100 in debentures and \$30 cash) from 9-1-49 to 6-20-51, and at \$140 per share thereafter.

Rights, common to convertible debenture 3 3/8s, 1963, \$100 debentures per 7 shares held at par (flat). Expires 3-19-51. Nontaxable.

Debentures convertible into common beginning 6-1-51 at \$138 (\$100 debenture and \$38 cash). Conversion is nontaxable. Debentures are callable after 3-19-53 on 30 days' notice at an initial call price of 107.

Stock (152 1/4-151 3/4) 151.75  
Rights (1 26/32-1 24/32) 1.78125

Holding period of the rights is the same as the holding period of the stock. If rights are exercised, date of acquisition of the debentures for holding period purposes is the date of exercise of the rights.

Note on conversion of all debentures: The adjustment for interest and dividend upon conversion of debentures into stock is computed as follows:

Interest is credited from the date of the last coupon to date of conversion. This amount is interest income.

This amount is beginning of previous dividend (April, July and October) to the share. This charge conversion

Complete Capital Changes Histories  
of over 12,000 Corporations

Full Description of  
Each Capital Change

% for Figuring  
Basis of  
Stock and Rights

Treatment of Interest  
and Dividend on  
Conversion of Debentures

Dates of Issues

Market Quotations  
and Averages

Holding Periods

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When capital changes affect income from an investment portfolio—how can the Tax Man get the facts and information needed for correctly computing gain and loss for federal income tax purposes?

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Included in its comprehensive coverage of this field are full details on the federal tax aspects of stock rights, stock dividends, liquidating distributions, exchanges in reorganizations, dividends on preferred stock redemp-

tions, nontaxable and capital-gains cash dividends, interest on bonds "traded flat," and the like.

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# Only STEEL can do so many



**PUPPY IS IMPRESSED.** Like most discerning home-lovers, he is pleased with the good looks and practical qualities of Stainless Steel. Polished to a high luster with the help of suet and tallow, U·S·S Stainless Steel is bright enough to use for a mirror, and gives you kitchenware and other household articles that are strong, corrosion-resistant and sanitary. Only steel can do so many jobs so well.

# jobs so well



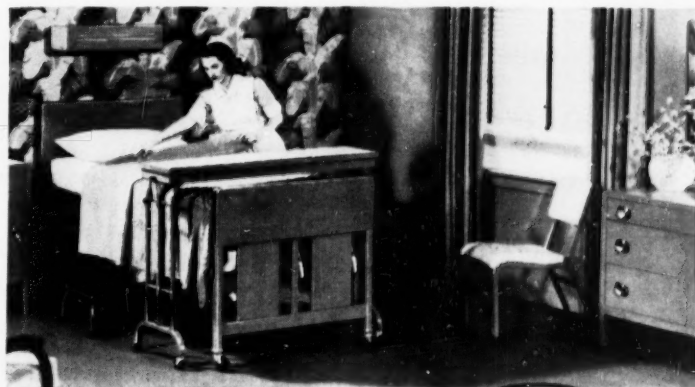
**TOWER ON A TUBE.** The new Sky Harbor Airport in Phoenix, Arizona, has a unique control tower that rises 100 feet into the air. Perched atop a steel tube 9 feet in diameter, it permits efficient control of landing and take-off activity on all runways. The tower was built by U. S. Steel.



**TO INSURE PRODUCTION** of the enormous quantity of steel needed for security, the American steel industry is bending every effort. United States Steel alone has already spent more than a billion dollars in the past five years to expand and modernize its steel-making facilities . . . and is now engaged on a still greater program of expansion.



**COW COMFORT.** That's what a farm building like this provides. Cows can wander in and out at leisure, take shelter from rain and snow. In winter, bedding is added to provide still more comfort. It's a steel building, of course . . . fabricated of U-S-S Steel and erected in jig time. A structure of this kind reduces labor costs and requires little or no maintenance.



**ROOMS . . . FURNISHED.** And well furnished, too. Many hospitals today are using all-steel furniture in the rooms they provide patients . . . not only because steel furniture is very attractive in appearance, but also because it resists wear better, defies fire, and is exceptionally easy to keep clean. Note: mattresses with steel innersprings complete the patient's comfort.

#### FACTS YOU SHOULD KNOW ABOUT STEEL

Of the 48 states, 31 have iron and steel facilities. Among these, 27 states produce ingots, 28 make hot-rolled iron and steel products, 18 have blast furnaces, and 4, which have no steel-making facilities, make pipe or wire from semi-finished products.



This trade-mark is your guide  
to quality steel

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*Helping to Build a Better America*

AMERICAN BRIDGE . . . AMERICAN STEEL & WIRE and CYCLONE FENCE . . . COLUMBIA-GENEVA STEEL . . . CONSOLIDATED WESTERN STEEL . . . GERRARD STEEL STRAPPING . . . NATIONAL TUBE OIL WELL SUPPLY . . . TENNESSEE COAL & IRON . . . UNITED STATES STEEL PRODUCTS . . . UNITED STATES STEEL SUPPLY . . . Divisions of UNITED STATES STEEL COMPANY, PITTSBURGH  
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man in 1858 or 1859, but was managed  
by the Hartfords—father and sons from  
1878 to 1951, the period of its greatest  
growth and profits. Gilman and the  
American and A & P companies sold  
tea and other goods by mail, in retail  
stores, and from wagons going from  
house to house.

#### Trial Without Error

At one time the company made ex-  
tensive use of premiums. However, re-  
tail stores were found to be the most  
profitable method. Service stores were  
operated for a number of years with  
telephone and delivery service. The  
Hartfords heard of the cash-carry  
method and tried it out in one store.  
It was successful and the next year the  
Company started opening cash-carry  
stores and in a few years later discon-  
tinued all their service stores. They  
operated small neighborhood stores (at  
one time over 15,000 and had a goal  
of 20,000) but with increasing costs of  
supervision and the coming of the au-  
tomobile they gradually closed many of  
their small neighborhood stores and op-  
erated larger stores.

The super-market came into the pic-  
ture in the 1930's. The Hartfords were  
slow in going into super-market opera-  
tion and are said not to have done so  
until their sales and profits declined  
greatly in areas where there was strong  
competition from the super-markets.

After experimenting with the super-  
markets and finding them profitable,  
they went into the business in a big way  
and soon became the largest operator  
of such markets. However, they were  
slow in adding such lines as frozen  
foods and pre-packaged meats and  
vegetables. They experiment first and  
develop techniques before starting op-  
erations in a big way. In 1951 they  
were just experimenting with the sale  
of drugs in a mid-West store.

The A & P has not been a pioneer.  
It has usually let others do the pioneer  
experimental work. It does not claim  
to be an innovator. A competitor said,  
"The success of the A & P has been  
its ability to carry the ball once it got  
started. The rest of us try something,  
drop it, try something else, drop it, but  
the A & P slowly makes up its mind  
and when it does it really moves."

The A & P has kept its eyes open,

# YOUR NEW PLANT WILL GROW IN THE **ERIE AREA**



## Good living in the medium-sized town— right site for your plant!

**W**HERE are the new plants going? Figures show that the medium-sized town, with its opportunities for better living for all concerned, is getting the major share.

Not only are better living conditions available for labor, but the medium-sized town location ties in with the current trend of plant dispersal for national safety.

The Erie Area is rich in these medium-sized towns. Erie's Industrial Development Department, with its background and experience, knows its medium-sized towns well and what each can offer industry.

The Erie Area itself is in the heart of the nation's largest single market. One-third of America's people live, work and buy here. Production and

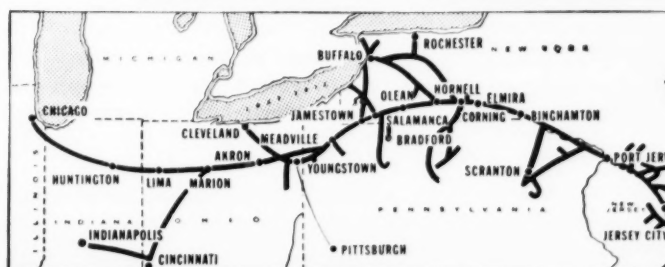
markets are close together!

Industry is served by the dependable Erie Railroad which connects direct with New York Harbor for export business and offers unsurpassed facilities for import and export trade.

Our experienced personnel will be glad to discuss desirable locations with you—in strict confidence, of course.

## Erie Railroad

SERVING THE HEART OF INDUSTRIAL AMERICA



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State \_\_\_\_\_



## 3 girls—full day OR 1 girl—one hour!



The monthly bulletin was a fine idea, but raised a problem in the office. It took three girls a full day to fold the bulletins, when they were needed for other jobs... Now, a PB Office Folding Machine, and one girl double-folds the 6,000 copies in less than an hour!

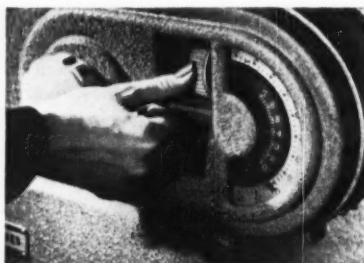
**E**VEN if you don't have much to fold, or don't have it often, this Office Folding Machine easily earns its cost.

This new PB office utility can be used by anybody after a few minutes instruction... is quickly adjustable, with the exclusive "Dial-a-Fold." Material is fed and removed from the same end, no bending or walking required.

Fully automatic and very fast... it makes eight basic folds, works with sheets from 3x3½ to 11x24 inches... will put two parallel folds in a letter-

size sheet at 10,000 per hour. It takes little working space, can be easily stored when not in use. And it saves enough payroll hours to be a real economy.

It's precision-built by Pitney-Bowes, leading maker of postage meters, sold and serviced from 93 offices in US and Canada... Call the nearest PB office for a demonstration, or send the coupon!



Set the light dial for the first fold, dark dial for the second... and this folder is ready to run.



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watched developments, tried out those which appeared to have promise, and if they worked, introduced them on a large scale. Its success has been due to efficiency of operation rather than experimenting.

#### Growth of a Product

There are six stages in the life of most products. First is the idea and the experimental work in the laboratory or elsewhere. Second, if the idea seems to be feasible and to have some commercial possibilities, is the pilot plant stage. This may involve a small plant to manufacture a product, or a new type of store or service establishment. The first Piggly Wiggly store opened by Clarence Saunders in Memphis on September 12, 1916, was a pilot plant operation (although it was not the first self-service store).

This should be the period of product testing. Considerable research should be done to ascertain if the product will be accepted by the consumers and if it can be produced economically. The great majority of new products fail to win consumer acceptance. This is said to be true of many products launched by large and highly successful companies such as General Electric, General Foods, and Quaker Oats. For ex-

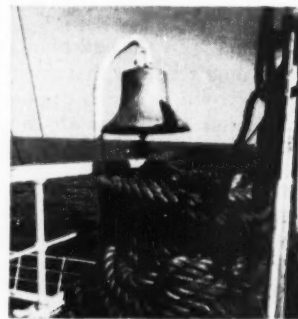


ILLUSTRATION PHOTOGRAPH FROM CUSHING

ample a market survey may indicate that the product will serve a real need, but when the sales campaign is launched it may be found that a satisfactory product cannot be turned out in quantity on existing machines.

Third, if the pilot plant operation is successful, production is started on a commercial scale. A factory is built or more stores or service establishments opened. The product is introduced on the market. Expenses are usually heavy for sales promotion, advertising,





*When rubber  
shatters like pottery...*



*Natural rubber ball, chilled to minus 320.4° F., shattering on impact. Electronic flash tripped by microphone 1.035 milli-seconds after contact. Photos by Ralph Bartholomew, Jr.*

Natural rubber will shatter, up in sub-stratosphere planes, at minus 50°F. Don't shiver; that's *warm* compared to temperatures some chemical equipment must take in stride.

Put yourself in the shoes of the man who designs an oxygen vaporizer. It must test 4200 pounds per square inch at minus 300°F!

Or a helium liquefier that operates within 4 degrees of *Absolute Zero*, (which is exactly 459.6° below zero Fahrenheit).

Now that's cold. At temperatures like that, an orange spalls off in little chips, like granite. Steel brittles like a bit of glass.

In such a fantastic Jules Verneland, you discover that *one metal* and its alloys keep their toughness—ductility—clear down to 455° below zero F. Even the "impact properties of weldments are essentially insensitive to temperatures as low as minus 320.4°F."

So let's assume your problem is on the cool side, starting at 100° below zero and dropping off from that. You find the answer—as did the designers of the oxygen vaporizer and the helium liquefier mentioned above—

in Nickel or a nickel alloy. (These two jobs were solved by Monel, an Inco Nickel Alloy.)

#### *Let's Talk about Your Problem*

Is it complicated too by sub-zero cold—or high heat, or corrosion, or some other difficulty?

Now is the time for us to get together with you or your engineers while our staff of metal specialists can carry out whatever research is needed to solve it. You can mail the outline of your problem direct to them for study by addressing it to The International Nickel Company, Inco Nickel Alloys Dept., 67 Wall Street, New York 5, N. Y.

Then the answer can be ready at your hand when these critical times are over, and Inco Nickel Alloys are available in any quantity for any use again.

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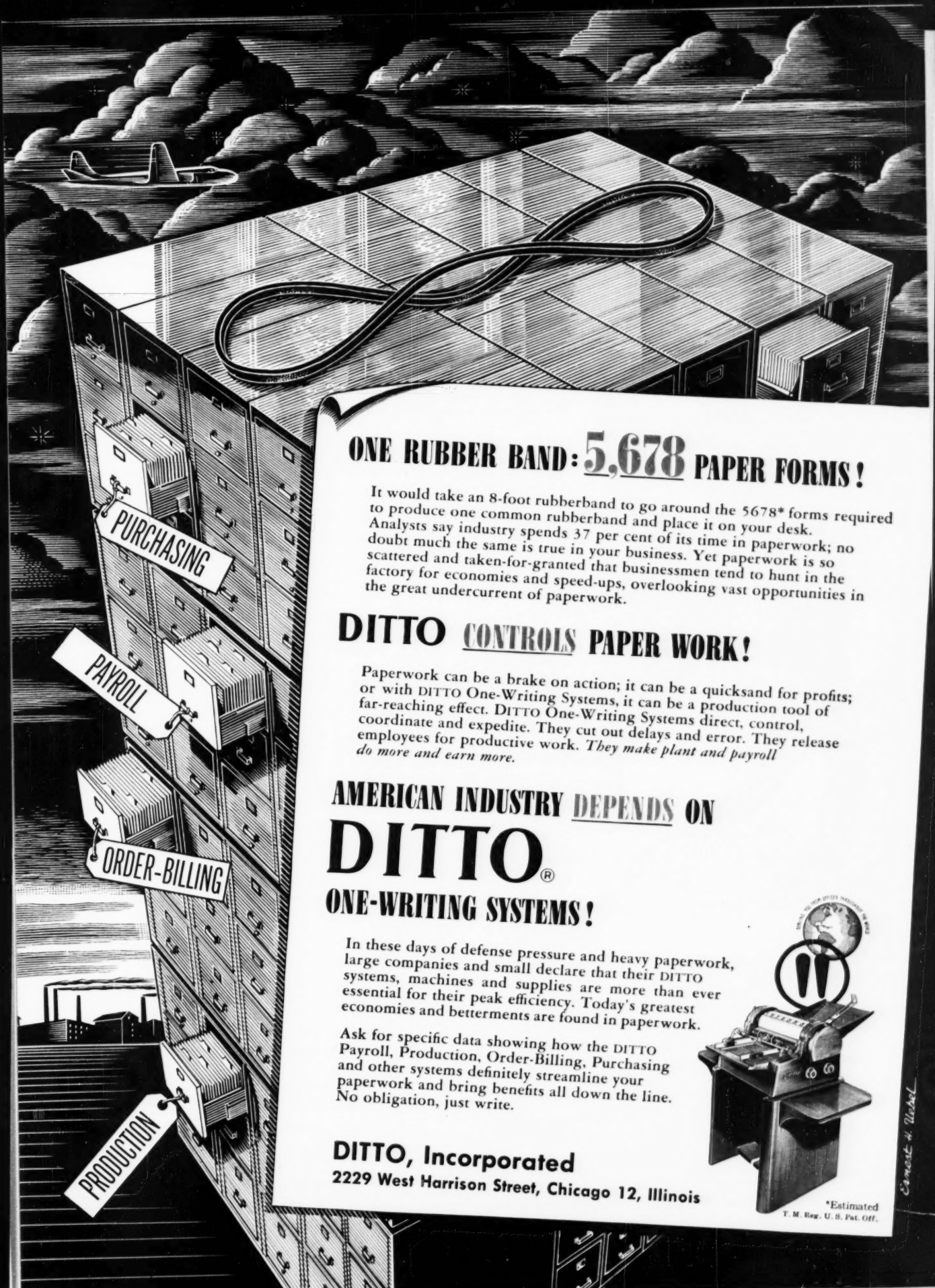
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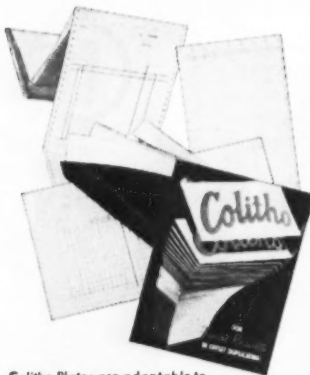


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were ready to buy to absorb his output.

On the other hand note the difficulties of the Kaiser-Frazier Corporation in trying to introduce a new car when automobiles were of excellent mechanical quality, and the manufacturers had established dealerships and names favorably known to the consumers.

Probably the best time to enter an industry is late in the second or early in the third period. Some of the pioneering and experimental work has been done and there is time to perfect the product and get it on the market before competition forces prices down to or near the cost of production. The same applies to the best time to add a product to one's line, to adopt a new method of operation, or to get new equipment.

THE END

## AUTHORITY

*Continued from page 19*

tion in our governmental structure it will be due, not to their means of evading debt limits, but to their ability to provide various essential public services more efficiently, more economically, more expeditiously, and more flexibly than our established units of general government."

The essence of an authority is that it is in fact an independent corporation. The principal purpose of creating it is to provide business efficiency, responsible and flexible management, and business continuity in the operation of a self-supporting program of public works.

The effective modern authority makes available the techniques of good business administration and management to public enterprises. It places them on their own feet and puts them on their own responsibility. It frees them from political interference, bureaucracy, and red tape without divorcing them from public control.

Under sound authority management the public has the right to look to the public corporation for initiative and business imagination, for efficiency in

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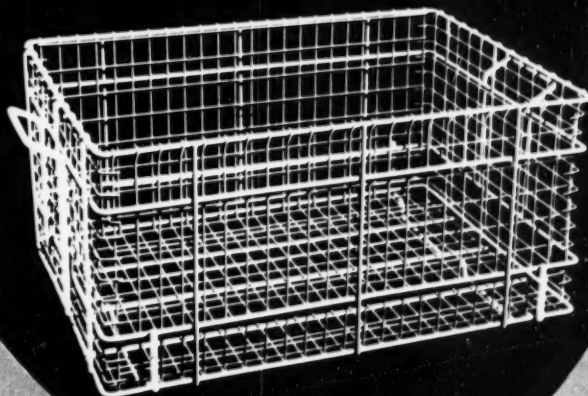
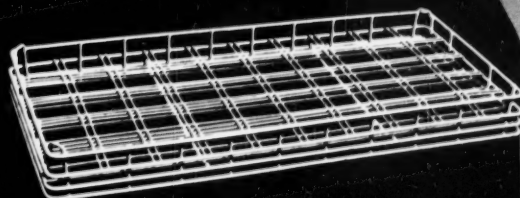
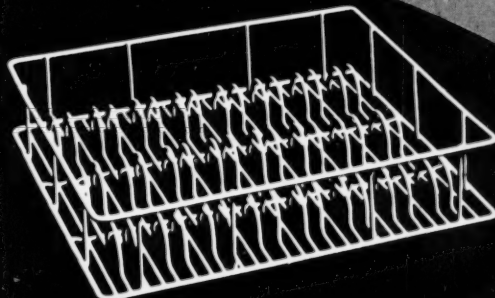
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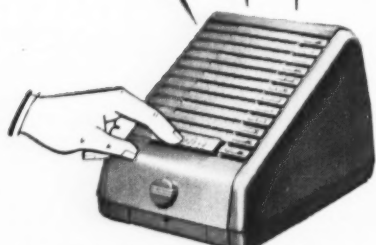
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its operations, and for enterprise and long-range planning in the development of the public projects for which it has been given responsibility.

### Test of Success

I have suggested that the test to be applied in determining whether a public authority is a success in measuring up to its responsibilities is the yardstick of good corporate management and the comparison of its policies, procedures, and standards with those of a well-managed private corporation. I propose to apply that test to the typical public authority's board of directors, its chief executive, executive and administrative staff, over-all personnel policies, financial control and practice, and public relations.

The character and responsibilities of the board of directors or commissioners of a public corporation approximate today's enlightened concept of the responsibilities of a directorate. Both types of director are responsible to the stockholders. They are trustees for the stockholders, and all of their policies, decisions, and actions must be in the interest of the stockholders.

There is one difference, however, in that all the people of the area served by the public corporation comprise its stockholders. But even this difference is more apparent than real. For today's concepts of the responsibilities of the directors of large private enterprise include the expectation that the corporation's policies shall be in conformity with the general public interest.

The board of directors of a public corporation must be responsive to the over-all public interest of all of the people. This means that its program, policies, and objectives must be in con-



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formity with the over-all policy of the government it serves. On certain major matters or projects of great public importance the board of directors of the public corporation is not free to act without the sanction or approval of the public or its elected representatives. Similarly, certain major corporate matters must be subject to stockholders' approval. So, too, the directors or commissioners of public corporations are held responsible for their acts to the extent that they can be removed or replaced for misfeasance or nonfeasance by the public or its elected representatives.

### Nonpolitical Aspect

However, if it is to meet the standards of good corporate management which the public has the right to expect, the public authority cannot allow political influence to play any part in



CLIPPING PHOTOGRAPH

its management or internal affairs. No private corporation could survive if its personnel were to be selected or its business conducted on the established lines of political preference. That may be the accepted standard at City Hall, but as the fellow said as he watched the two trains speeding down the track toward each other, "It's a helluva way to run a railroad."

Selection as a director of a private corporation is a tribute by the stockholders to the integrity, ability, and experience of the individual and expresses the stockholders' confidence in his devotion to their interests. The same significances are, or should be, involved in the appointment of a public corporation commissioner and, since the people of an entire community are the stockholders, the appointment is, in addition, an outstanding public honor.

The individual commissioner or pub-

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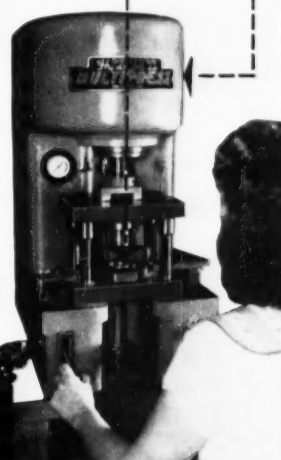
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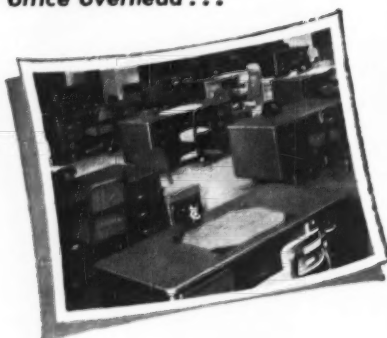
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lic director faces a very stimulating challenge. To achieve the efficiency and good management of private business, the public corporation must be freed from the red tape, bureaucracy, and the inflexible requirements common to the machinery of government. Yet, the public corporation is the creature of government, responsible and accountable to the public as such. Its records are public records, its procedures must assure fair dealing with all with no special privilege, preference, or business advantage to anyone.

### The Kind of Board

The entire nature and purpose of the public corporation require that the directors serve as a board with a considerable degree of freedom and independence. It is required that they be experienced in the techniques of corporate management, that they have a high sense of public responsibility, and that they be willing to give the benefit of their judgment and experience gratis, both as a matter of public duty and for the satisfaction that comes from service.

Though there are contrary views, I believe that when the commissioners of a public corporation receive salaries or other compensation, the corporation suffers accordingly. Men with a record of accomplishment in business, the professions, or in other public office, should serve as commissioners because of a desire to render a constructive public service, and not because of the attractiveness of any salary for that service.

The experience in corporate management that is so essential is not to be obtained in a career which has been devoted entirely to routine political advancement. So, too, the managerial autonomy and continuity required for effective public enterprise would be destroyed by any narrow political exercise of the power to appoint commissioners, or if the method of appointment, length of term, or statutory limitations upon the powers of commissioners were too restrictive.

It is important, therefore, that such appointments be set for fixed terms of reasonable duration, that the terms of commissioners be overlapping, and that the policy of selection and re-appointment be guided by considerations of ability, integrity, and outstanding busi-



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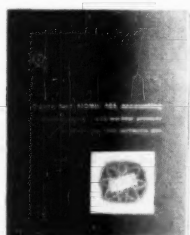
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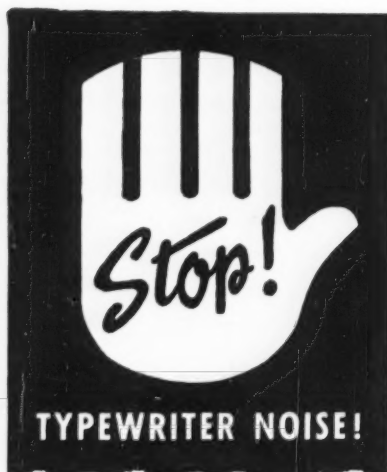
Some have to do with simplified methods — ways that you can cut out needless paper work and at the same time have complete facts and figures at your command, as a basis for effective management control. Others show how to get greater clerical output from office machines and equipment. And most contain interesting case history information citing

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ness, professional, or public leadership. The man should bring luster to the office—not the office to the man.

Another fundamental principle of corporate management concerns the delegation of responsibility. Simply stated, the starting point for sound corporate management lies in the complete delegation by the Board of Directors to a chief executive of the responsibility for carrying out its policies. The basic principle is too often given lip service rather than real recognition.

#### Executive's Function

The chief executive of a public corporation must be charged with the same responsibility for executive action and administration that the president of a private corporation is. The policies of the board must be transmitted to the administrative staff through him and all staff recommendations to the board should be made by him.

He must be made completely responsible for the day-to-day decisions of management and for the recruitment and development of a managerial staff fully qualified to carry out their respective responsibilities and adequate in depth to assure the availability of trained personnel and the continuity of corporate administration. The measure of the chief executive of a public corporation was outlined by Sir William Haley, Chairman of the British Broadcasting Corporation as follows:

"Assuming that the (commissioners) are individuals of high standing in the community, experienced in dealing with men and affairs and of wide general interest, they would engage, and largely depend on their experts in particular fields, and they should be able to devolve responsibility in large measure upon their Chief Executive. In fact, without derogation from the supreme and absolute authority vested in them, they should, in terms of their confidence in the Chief Executive and his expert staff, be able to function as trustees, able, however, to intervene in any way, at any stage and on any matter. But a great deal is bound to depend upon the Chief Executive."

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PRESIDENTS AND TOP EXECUTIVES OF 41,620 MANUFACTURERS.



Are your telephones a bottleneck?

They are whenever they are too busy with inside traffic to handle incoming and outgoing calls!...TAKE THE LOAD OFF YOUR SWITCHBOARD with SELECT-O-PHONE—it handles all inside communications independently of your switchboard—saves manpower, helps expedite orders, puts action into ideas—frees city phones for profit-making calls!

**SELECT-O-PHONE** Dial Intercommunication Systems are sold, installed and serviced by factory trained, franchised dealers all over America.

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City \_\_\_\_\_ Zone \_\_\_\_\_ STATE \_\_\_\_\_

equally applicable to a public authority. For its success depends, too, on obtaining the best talent available, paying salaries which are at least comparable with those of private industry and making it sufficiently attractive to encourage a career in public enterprise.

#### Public and Private

Several of our public corporations compare with some of the largest of our private corporations in size and complexity. It is obvious that the management of both requires a staff of similar ability, business training, initiative, imagination, and the willingness to take responsibility and to be judged by the success or failure in discharging it.

I do not think that the qualifications for executive personnel of a public corporation were overstated by Sir Arthur Street, the Deputy Chairman of one of the English authorities: "They must be good administrators; they must be devoted to the public interest; they must be impartial; they must be guided by broad considerations of (public) policy; they must be imaginative; they must be capable of carrying responsibilities which are crushing in comparison with those normally to be met with in the commercial world; and they must be capable of rapid and decisive action under pressure."

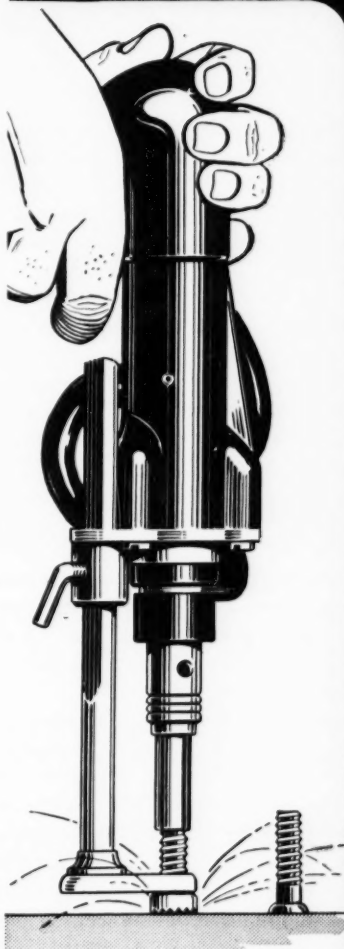
On this side of the water, the executive requirements of a public corporation have been well stated also by the Chairman of one of our American authorities:

"As a matter of institutional policy, our salary scales are higher than most public agencies. While we cannot com-



## IN STEEL FABRICATION...

# HERE'S HOW NELWELD SPEEDS PRODUCTION



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END-WELDS STUDS TO STEEL IN A SPLIT-SECOND

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### A NELWELD CLINIC CAN SHOW YOU—



right in your own plant, how you can benefit from this modern fastening method.

Write today for the Nelweld Clinic brochure to Lorain, Ohio.

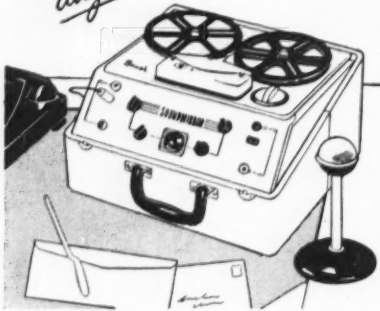
*Fasten it Better...at Less Cost, with*

## NELSON STUD WELDING

DIVISION OF GREGORY INDUSTRIES, INC., LORAIN, OHIO



*Better than  
anyone's notebook!*



Accurate, mechanical memory provided by the SOUNDMIRROR\* tape recorder is one of the most useful of modern business tools. It is more exact, more reliable, more economical than other methods. Records without losing oral emphasis and shades of meaning.

Here are some samples of jobs that can be done efficiently and economically with tape recording:

#### SALESMEN TRAINING

Let your salesmen hear their own presentations and they'll find ways to improve them.

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Employment interviews can be recorded and passed on to those concerned with hiring.

#### CONFERENCE RECORDING

Answer the old question, "Just what was said about .....?"

#### GIVING STANDARD INSTRUCTIONS

Nothing is forgotten when standard instructions or indoctrinations are recorded on sound tape.

#### RECORDING INVENTORIES

Here, tape recording saves time; promotes accuracy.

These are only a few of the jobs being successfully handled by SOUND-MIRROR—the business type tape recorder. You can probably think of many other places where you can put tape recorders to work in your office.

Find out more about the uses of SOUNDMIRROR as a business tool. Write for your free booklet on 101 Ways to Use SOUNDMIRROR.

\*T. M. Reg.

The Brush Development Company, Dept. D-5  
3405 Perkins Avenue, Cleveland 14, Ohio

Gentlemen:

- ☐ Please send me your free booklet on 101 Ways to Use SOUNDMIRROR.
- ☐ Please arrange a SOUNDMIRROR demonstration for me.

Name .....

Firm .....

Address .....

City ..... Zone ..... State .....

pete with private enterprise in the top executive brackets, it has been the deliberate policy of our commission to pay salaries comparable to the highest salaries paid by public agencies in the United States, and then to demand that same degree of confidence in its administrative and executive staff as the commissioners expect in their own businesses, banks, and professions."

#### Personnel Policies

The informality and freedom of choice followed by the personnel officer of a private corporation can be applied to the rank and file of the employees of a public corporation. The public nature of an authority requires the use of competitive examinations and eligible lists based on these examinations. But it is interesting to note that many public bodies are beginning to use continuous recruitment and continuous test techniques similar to those found in private industry.

The other techniques of public personnel administration should closely correspond to those of progressive private industry. In the field of wage and salary administration, private industry uses classification, job evaluation, and rate ranges. In public corporations the same techniques are essential.

Seniority and tenure of office principles are used as protective measures for public employees. Similarly, in private industry seniority rules are usually written into union contracts. And the tenure principle in government is no more cumbersome than the arbitration of disciplinary cases in private industry.

Public and private corporations differ in that public employees may not strike. The very absence of that fundamental right, however, places definite obligations upon the public employer to provide a policy within which the employee is protected and no advantage taken of his lacking the right to strike.

Sound business practise requires effective employee relations and it is just as essential that a public corporation put the same effort into the development of a reasonable and understanding working relationship with its employees as put forth by any progressive private corporation. Employees in private industry have received many

**YOU GET BIG  
IMMEDIATE RETURNS**

with a  
**LULL TRAVELOADER**



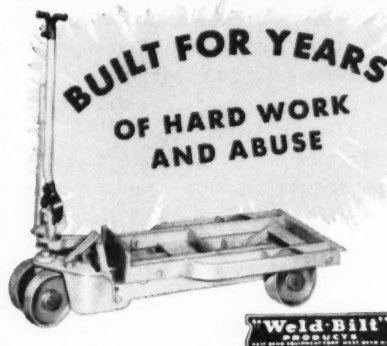
**ONE MAN  
LOADS CARRIES  
UNLOADS STACKS**

**HERE'S HOW . . .** Traveloader starts making money and saving money in a hundred different ways . . . the day you buy it. One man operated, Traveloader does the work of several conventional materials handling machines . . . does it faster, better and at lower cost. Handles steel, lumber, pipe, pallets, and other material up to 66' long.

Make sure of maximum returns on your materials handling equipment investment. Investigate Lull Traveloader today!

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Here is a hydraulic lift truck that can "take it and deliver" year in and year out.

One of many reasons for Weld-Bilt's longer service is the exclusive HORIZONTAL MOUNTING of the hydraulic unit, protected from danger of daily knocks and bumps. And this unit is interchangeable — it can be replaced after years of service to add still longer life and utility to the truck.

There's a Weld-Bilt Hydraulic Lift Truck to fit your needs exactly. Write for catalog, details or engineering consultation on the COMPLETE Weld-Bilt Line.

**WEST BEND EQUIPMENT  
CORPORATION**

Materials Handling Engineers

303 Water Street, West Bend, Wis.



advantages through their unions. Among these are protection against arbitrary and capricious use of supervisory authority, the ability to bargain for and obtain advantageous working conditions, wage increases, and other benefits which in many cases they would not have otherwise received.

### Room for Unions

There is no reason why a public corporation should not recognize and bargain with responsible unions of their employees. Although the public corporation cannot recognize the right to strike, its employees, through their own organizations, can acquire a unity and an avenue of presentation of problems. This is helpful to them, and should be helpful both to the authority's management in bringing about desirable improvements in working conditions and in the ultimate effectiveness of the corporation itself.

The field of public corporate accounting and budgeting demands, if anything, more exacting standards than necessary for a private corporation.

Public ownership—the very size of its body of stockholders—properly imposes more rigid standards of budgeting and accounting on an authority and a much broader responsibility in its financial reporting.

As the Hoover Commission reported: "The financial operations of the government must be controlled even more rigorously than those of private business. Maintenance of financial integrity affects the confidence of the nation in itself and the moral standards of all the people. A failure of such integrity in private business affects the pocket-books and slackens the morals of a few, but its failure in public business affects the morals of all."

The highest standard of accounting and budgeting in the public corporation are made necessary also by the nature of its operations and the requirements of financing and sound business management. Generally, the operations of public corporations are such that they are financially thin. They must be performed at the lowest possible cost to the users of its facilities, consistent with its over-all financial requirements. The true authority must be self-supporting, must rely upon its

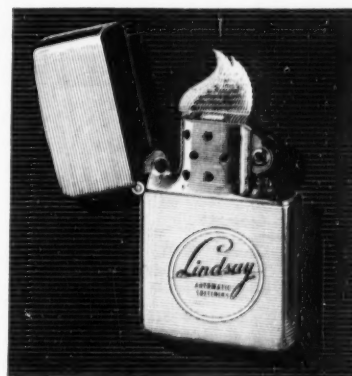


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You score high in making a *lasting* impression when you give a man a ZIPPO engraved with your company trade-mark. For a man and his ZIPPO are inseparable. Men know they can depend on ZIPPO . . . that it's the lighter that always lights with a zip, even in wind or rain! That's why, when you give a man an engraved ZIPPO, it goes where he goes . . . reminding him of your company name with every zip. Yes, you can always *be there with Zippo* . . . and at low cost. Send the coupon and find out how.

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The One-Zip  
Windproof Lighter



*Ideal for sales incentives, length of service awards, sales promotion premiums, business anniversary gifts.*

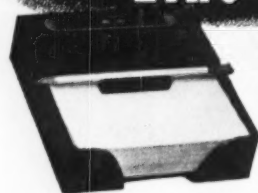
**FREE mechanical service—for life!**

**GET YOUR COPY  
OF FREE BROCHURE!**

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Please send FREE brochure showing Zippo models.  
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The  
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All steel—lifetime  
construction. High temper  
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thin, lightweight. Three scales.  
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Send free catalog and prices. I am enclosing  
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Zone.....

State.....

DR-652

own credit, and has no taxing power. Thus, with such a critical need for effective control over costs and expenditures and for the effective development of revenues, the normal public corporation must depend heavily upon the traffic lights and warning signals of its budgeting and accounting system.

#### Complex Accounting

In a sense the public corporation's accounting is more exacting than that of its private counterpart in that it not only must provide management information and control but must also conform to specific statutory requirements and to covenants with its bondholders. This usually requires fund accounting and the classification of revenues and expenditures in accordance with these statutory and contractual requirements.

Municipal budgeting and accounting systems which are usually designed to meet such requirements do not provide sufficient information and control for



DEVANEY PHOTOGRAPH

the type of management decision and direction that any well-run private corporation must have. And, in accordance with corporate practise, an authority must, therefore, develop a budgeting system and separate and additional accounting records and reports that can be used as effective tools of management.

Unfortunately, some of our public authorities have not faced up to these accounting and budgeting responsibilities. Failing to do this, it is very easy for a public agency to have delusions of self-support. I notice an increasing tendency on the part of public agencies to ignore capital and overhead costs, to treat net operating revenues as if they were earned surplus, and to pat themselves on the back accordingly.

Even on so eminent a plane as the

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Tells how America's top industries, organizations, political parties, insurance companies, business associations, religious groups, U.S. Gov't agencies use cartoon books in color-comic technique to tell and sell. Write on firm stationery.  
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## 41,620 Manufacturers

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THE PRESIDENTS AND

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41,620 MANUFACTURERS.

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Cesco Visible Record Books provide instant location of accounts for either reference or posting. Over 100 stock forms.

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The C. E. **Sheppard** CO.  
4433 TWENTY-FIRST STREET LONG ISLAND CITY NY

operations of the English Transport Executive, it was recently asserted in Parliament that the net operating revenues of that vast system were the equivalent of a surplus available for distribution to stockholders, and that it was capacious of the Conservatives to dwell upon the fact that practically nothing had been earned on the system's vast capital investment!

### **Illusions of Success**

The TVA makes loud claims to being self-supporting and is widely acclaimed as such in most of the college textbooks on public administration. Yet, a large part of its capital costs are charged off to public service facilities and are not reflected at all in the costs of power production.

It is only human for any organization to try to put the best face on things in making reports to the public. But many public agencies have actually convinced themselves that they really are self-supporting, and that they make their internal decisions and formulate their basic policies on that assumption. From the standpoint of sound business administration this can be fatal.

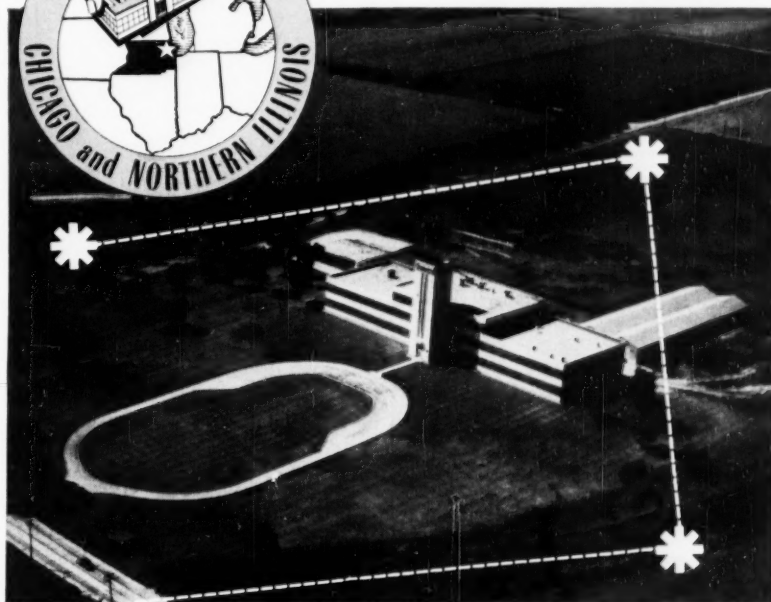
The successful management of a public corporation requires an accounting system which identifies all elements of costs, whether direct or indirect, operational or capital, and which then charges those costs properly to each individual operating unit. An industry must know not only the total cost of its capital assets but also what portion of that total capital cost must be charged off annually, since fixed charges are obviously so large an element in the operation of any industry. So, too, the public corporation must know its fixed charges and avoid the tendency to forget them.

The public corporation does not usually establish depreciation reserves, such as are essential to the survival of a private corporation. It can, however, establish depreciation accounting records for the purpose of judging ultimate financial results, and as a guide in establishing compensatory rates and charges for the use of its facilities and services.

Similarly, it is important to know not only all direct costs but also indirect and overhead costs. For example,



## **Place Your Plant Where There's Everything—**



*Photo by Morris Aerial Survey*

## **\* PLUS Room to Grow!**

**A plant site** at the heart of the greatest industrial center of the United States—where transportation facilities, labor supply, and living conditions are unexcelled—yet a site that offers room to grow and expand—this is the prospect for industries locating in Chicago and Northern Illinois.

This industrial "elbow room" is an important plus to look for these days. To find it in a location where industrial growth, measured in dollars, has exceeded that of any comparable area in the country is to find the ideal spot for the development or expansion of your business.

That is why, before you decide on *any* industrial location, you are urged to investigate Chicago and Northern Illinois. We'll make that easy for you.

**A LETTER TO US . . .** describing your requirements will bring you a careful analysis of this area's advantages as they apply to your business. Or if you wish, we will send you a carefully screened list of the available buildings or sites that would be suitable for your operations, based on the information you give us.

*We keep all such inquiries confidential. Just write us.*

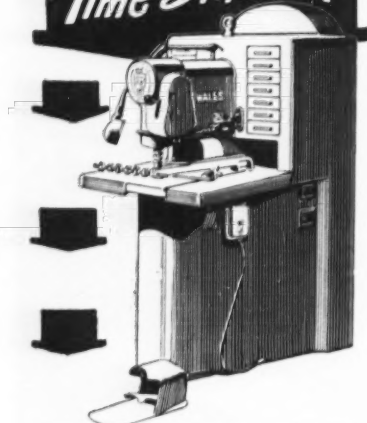
**Industries in the Chicago area have these outstanding advantages:** Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" • Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record • 3,062,000 Kilowatts of Power • Tremendous Coal Reserves • Good Government • Good Living • Good Services for Local Tax Dollars.

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Marquette Building—140 South Dearborn Street, Chicago 3, Illinois

**COMMONWEALTH EDISON COMPANY**  
**PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS**



## Can You Match These WALES Fabricator Time Studies?



Simplicity of Wales Fabricator design and operation makes possible these startling "never-heard-of-before" time study figures.

An electric refrigerator part, 29 1/2" x 8 1/2" with 10 holes and 4 notches was fabricated including setup in only 5.61 minutes and subsequent pieces in only 37 SEC.

A part for farm equipment, 72 1/2" x 22" with 32 holes and 26" nibbled cut-out was finished including setup in only 12.01 minutes, subsequent pieces in only 2.32 MIN.

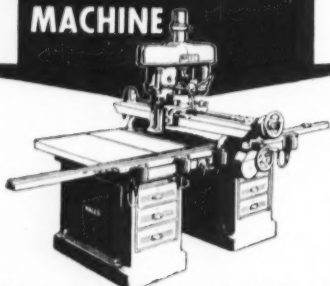
An automotive channel 28" long with 12 holes was fabricated including

setup in only 3.37 minutes and subsequent pieces in only 29 SEC.

An electronic chassis 12 1/2" x 11 1/2" with 118 holes and 4 notches was completed including setup in only 32.45 minutes and subsequent pieces in only 6.44 MIN.

A circle, 24" in diameter with outside diameter nibbled and 5 holes punched was produced in only 4.26 minutes including setup and subsequent pieces in only 2.38 MIN.

## WALES DRILLING MACHINE



● This machine is specially designed, thoroughly engineered and ruggedly constructed to meet the precision requirements of locating, drilling and reaming holes in material of practically any length up to 36" wide. There is no other drilling machine or jig borer like it. It also fills a definite need in making templates for mounting Wales Hole Punching and Notching Units.

Write Today for Catalogs 10-A and DM.

### WALES-STRIPIIT CORPORATION

George F. Wales, Chairman

392 Payne Ave., N. Tonawanda, N. Y.  
(Between Buffalo and Niagara Falls)

Wales-Strippit of Canada Ltd., Hamilton, Ontario  
Specialists in Punching and Notching Equipment

if the Director of Finance of a large city were asked how much it cost to operate the city's piers, he would give a figure that included only the salaries of those employed directly and exclusively on pier operation and the cost of materials for pier purposes only.

### Margin of Error

He would not include any prorations of the services rendered by his own office in keeping pier accounts and pier revenues. Nor would he include the cost of the services of the municipal attorney's office for the extensive legal work required in the course of pier operation, the cost of the services of the Civil Service Commission for personnel administration, the cost of security protection, police and fire, nor that portion of the time which the office of the mayor must devote to pier problems and policies. Yet all of these factors would be included as a matter of course in computing the cost of a service or product in any private business. If they were not included, the business would very shortly go broke.

In business administration to-day, budgeting is frequently regarded as a state of mind that should pervade the organization from foreman's level to top management. The budget procedures of a modern public corporation should have accuracy and flexibility to meet new developments and changing conditions and, in contradistinction to municipal budgeting, to meet them with a minimum of red tape. It should give, also, through integration with the accounting system, the information necessary for budgetary control. That information should be available at all times to the people responsible for job performance. In this way budgetary responsibility can be decentralized and brought to the hand of the supervisor or foreman charged with actual operating responsibility.

In the Port of New York Authority we use performance budgeting. We had installed that system before it was recommended to the Federal Government by the Hoover Commission. Wherever possible it incorporates measurement standards and is based on units of work. Thus, attention is focussed upon the general character and relative importance of the work to



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Metal Arts emblems are of finest quality and attractively priced. Let us suggest a distinctive design for your company.

Also Identification Badges, Plaques, Athletic Medals, Trophies, etc. Write for information.

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Makes shipments look their best. Highest quality. Fast drying, permanent. No Shaking.



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Electric tape dispensing. Dial control. Completely automatic. Better sealing with 20% saving.

FOR FREE SHIPPERS HANDBOOK AND PRICES, CHECK SQUARE ABOVE AND PIN TO BUSINESS LETTERHEAD WITH YOUR NAME.

# MARSH

MARSH STENCIL MACHINE COMPANY  
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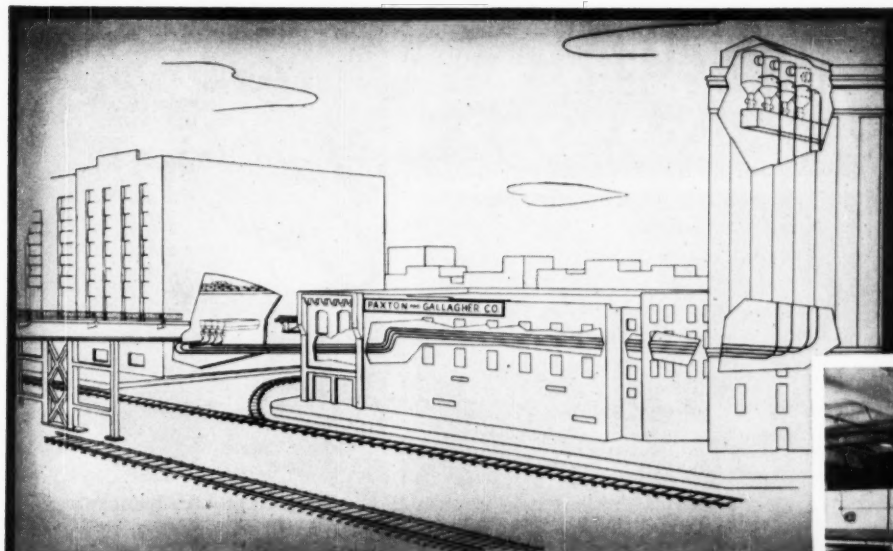


Diagram showing location of Dracco conveyor installation at Paxton and Gallagher Co., Omaha, Neb., which carries coffee from storage bins, over a rail siding and under a vehicle bridge, through three buildings and up to the receivers and roasters on the ninth floor of the final process building.

## *Imagine trying to do this* **ANY OTHER WAY!**

**THE CUSTOMER PROBLEM**—To improve the slow and costly method of handling bulk coffee beans over a route that included (1) a four-floor elevator drop to a siding, (2) a hundred-yard rail haul, and (3) a nine-floor elevator lift to final processing equipment. The work included two loading and two unloading operations.

**THE DRACCO ANSWER**—A Dracco Pneumatic Conveyor now transports the coffee *automatically* at 36 tons per hour! It is carried through a completely enclosed sanitary system directly from the storage floor to the final processing machines.

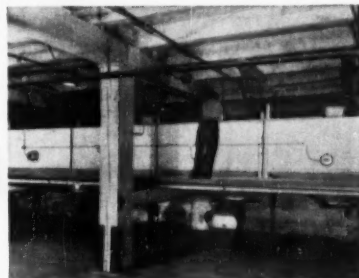
**THE RESULT**—Slow manual and mechanical materials handling was eliminated, plant capacity was substantially increased, and operating costs were reduced to a minimum.

This cost-saving materials handling installation is typical of the modern technique of handling dry bulk materials with Dracco Pneumatic Conveyors.

### **DRACCO CORPORATION**

Harvard Avenue and East 116th St. • Cleveland 5, Ohio

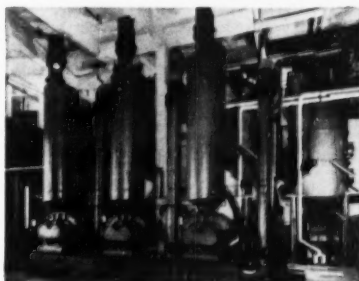
*Further information on the advantages of Dracco Pneumatic Conveyor as related to your materials handling problem may be had by contacting the nearest Dracco representative or Dept. D-6, Cleveland, Ohio.*



Surge hoppers receive coffee beans from blenders. Coffee is automatically fed from these hoppers into the conveyor system.



Trestle between buildings supporting conveyor pipes over rail siding and under vehicle bridge.



Dracco system receivers and vacuum pumps on the ninth floor of the final process building. Each of the pumps creates the vacuum used to transport 12 tons of coffee beans per hour.

# DRACCO

*Performance Proved*

**DUST CONTROL EQUIPMENT • PNEUMATIC CONVEYORS**



**Mr. Higby knows now . . .**



It took a bad prattfall to get Mr. Higby to investigate the LEGGE System of Safety Floor Maintenance.

**This is what he discovered:**

1. Polished floors don't have to be slippery.
2. LEGGE Safety floor polishes and cleaners keep floors handsomely groomed longer.
3. They reduce slip-accidents by as much as 98%. And buffing actually increases the slip-resistance of LEGGE materials.
4. LEGGE Maintenance saves up to 50% on labor, 25% on materials.

Our trained Safety Engineers work right with your cleaning crews, show them what products to use and how to apply them most effectively.

We'd like discussing your floor problems with you while you're in an upright position. Don't wait to "do a Mr. Higby" before calling us.

**WALTER G. LEGGE COMPANY, INC., 101 Park Ave., New York 17, N. Y. Branch offices in principal cities. In Toronto —J. W. Turner Co.**

Walter G. Legge Company, Inc.  
101 Park Ave., New York 17, N. Y. G-6

**Gentlemen:**

- ☐ I'd like to know what Legge Safety Products can do for my floors. I have approximately \_\_\_\_\_ sq. ft. of \_\_\_\_\_ (composition).
- ☐ Send me your FREE booklet, "Mr. Higby Learned about Floor Safety."

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Firm \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

be done rather than upon things to be acquired, such as personal services, equipment, and the like.

In that way, also, the individual units and divisions of our organization which are responsible for performance of a job are held to budgetary responsibility for that job. Our accounting system has been integrated with our budgeting, so that budgetary control is available at all times at the job performance level. This has worked quite effectively.

**Key to Success**

The chief financial officer of the corporation is the key to the development of adequate financial services and controls. No public corporation can operate successfully without the services of a topflight comptroller with extensive corporate experience. The general manager of a public corporation or authority has the right to expect the assistance of his comptroller in matters of internal accounting and procedures. He also has the right to rely upon his judgment on the financial aspects of major projects and policies.

A private corporation expects the controlling officer to review all prices or charges before they became effective and he is also expected to report regularly on over-all operating results as well as on the operating results of each unit. In the administration of a private corporation the judgment of the comptroller usually is sought on ways and means to cut costs, improve efficiency, and increase revenues. He is looked to not only for technical accounting costs, budgeting, and insurance information, but also for sound business judgment. We must expect that in the comptroller of a public corporation.

American business, both large and small, has developed an increasing appreciation of the value of good public



"I'm worried. The muscle in the boss's left cheek twitched when he passed my desk. Think it means anything?"

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Pure, clean, crystal-clear, soft water is vital to many industries, and Maine with its 5,000 rivers and streams and 2,500 lakes has plenty of it. Maine offers you all the usual industrial advantages PLUS—

Good hunting and fishing is at your door step. Exceptional recreational, educational and small community advantages go hand in hand with ideal industrial conditions. You'll find it easier to work and easier to play when you are in business in Maine—get the "Maine Facts".

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relations as distinguished from mere publicity. So, too, when a public corporation thinks of public relations, it must start thinking in constructive terms of what it is doing and what it is accomplishing for the people.

A public relations program for a public corporation must be based on bread and not cheesecake. It should be neither an empty build-up nor a mere huckstering of its projects, but a statement of its program supported by facts which demonstrate that it is meeting the obligations of that program. Good government public relations is dependent entirely upon good performance. The public corporation must first do a job that the people can think well of and then intelligently and deftly call attention to it.

### Honesty Without Hoopla

With good cause and out of sickening experience people associate a government public relations program with personal press-agentry and political hoopla. In too many instances, both in government and in business, they have come to associate the office of public relations with concealment and evasion.

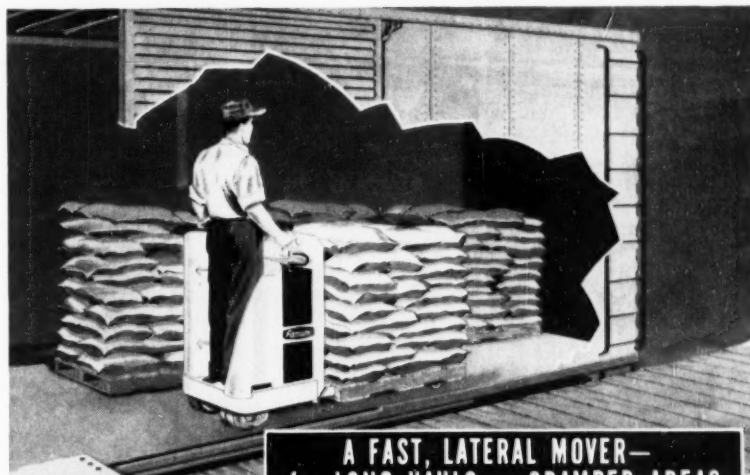
The fact is, however, that a public relations program can develop public support for a public corporation only insofar as the authority itself offers an honest, constructive, and realistic public program. Only such a program will earn the confidence of the press and the people and so earn their support, too. An authority's public relations program cannot manufacture achievement, but it can guarantee that achievement will not be overlooked and it can turn the light on a sound, constructive public program—which always needs to be seen and heard to be accepted and appreciated.

To function efficiently a public relations officer should be consulted before and not after the development of a critical problem that may result in adverse public reaction. He must work with the executive and other department heads on a policy level. In a recent article *Fortune* magazine said: "Management almost invariably looks at a production problem as a production problem or a pricing problem as a profit problem. It is the job of the public relations executive to remind his colleagues resolutely and diplomatically

## SPEEDS up to 6 mph

**RAYMOND**

**Low-Lift, Rider-Type  
ELECTRIC TRUCK**



**A FAST, LATERAL MOVER—  
for LONG HAULS or CRAMPED AREAS**

**Now** . . . no more slowdowns on long hauls, stock picking, rail loading or unloading with the **RAYMOND** Low-Lift Electric Truck for single or double-face pallets.

This new **RAYMOND** Truck performs in narrow aisles and cramped quarters originally intended for hand lift trucks. It has the added advantage of high speeds plus riding comfort. It moves loads swiftly, smoothly up to 5 mph . . . travels up to 6 mph empty.

It's so maneuverable too . . . operates in truck trailers, boxcars, elevators and crowded production areas.

● **SPEEDS UP HANDLING** Features fast starting and stopping—short length—magic maneuverability. Speeds up long hauls, stock picking, loading and unloading.

● **ELIMINATES HAZARDS** Designed especially for riding comfort and safety. Operator rides in safe standing position, protected by metal guard. Result: safer handling, less strain and fatigue.

● **FAR MORE MANEUVERABLE** Has 200° turning radius—right-angle picks up and spots unit loads in aisles only 5 ft. wide, narrower than its own length with load.

● **OPERATES IN CRAMPED AREAS** Operates with ease inside truck trailers, boxcars, elevators—also in narrow aisles, crowded production areas.

● **SIMPLE TO MAINTAIN** All working parts are quickly accessible—major working assemblies easily removed from main unit for swift, simple bench repair.



**RAYMOND** Low-Lift Electric Truck, Model EL4F for single and double-face pallets. Capacity 4,000 lbs. Model EL4P for skid platforms.

**RAYMOND**

Electric Industrial Trucks  
Hydraulic Elevating Equipment

### The RAYMOND CORPORATION

Formerly LYON-Raymond Corporation  
4671 Madison St., Greene, N.Y.

Gentlemen: Please send me Bulletin 750 on your new **RAYMOND** Low-Lift Electric Truck.

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Company

Street

City  State

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TODAY**

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where your  
INDUSTRY can **grow!**

Today, industry needs room to grow. Expansion is its keynote, and the SOO offers just such opportunity. Here, in the heart of America's waterways, you will find ideal conditions for industry location and development. A congenial atmosphere prevails and city cooperation is yours for the asking.

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An abundant local labor supply that embraces many skills.



Industrial power, that is low in cost and great in supply.



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**Sault Ste. Marie Citizens'**  
**Industrial Commission**  
**SAULT STE. MARIE,**  
**MICHIGAN**

ly, that everything they do is also a public relations problem."

While on this general subject it should be noted also that good financial reporting is as necessary to the successful marketing of the bonds of a public corporation as it is in the case of private financing. An annual financial report should be prepared as soon as the auditor's reports are available, and it should be distributed to all municipal bond dealers, insurance companies, and trust companies.

### Other Periodic Reports

In the case of the larger public corporations the practises of the municipal bond market make it advisable also to distribute periodic (at least quarterly) financial statements of gross operating revenues, expenses, interest on debt, and net revenues available for debt retirement and reserves.

There are many other aspects of the management of the public corporation which should meet the test of sound business practise. The comparison be-



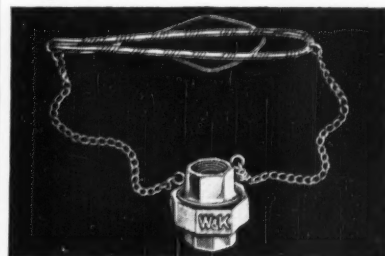
MC PEARSON PHOTOGRAPH FROM MONKMEYER

tween public and private corporate practise applies even more directly and with even less reservation in the operating fields such as engineering, maintenance, and operations.

The self-supporting, nonpolitical public corporation is in a position to set an example and take the leadership in the development of those high standards of public service and efficiency that are so woefully lacking in most government agencies to-day. The public authority has the freedom to develop ideas, to try out new business techniques, and to work within a framework of standards and ideals which afford every opportunity for setting that example and giving that leadership.

THE END

## Does this picture give YOU an idea?



Have you ever imagined how a striking miniature of your product or trade mark might be incorporated into a useful piece of jewelry? Many leading firms have already gained recognition by using this novel advertising idea. Items may be produced in quantity at low cost or richly fashioned in precious metals, depending upon intended use. Write on your business letterhead for samples.

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856 BASTIAN ST. ROCHESTER, N. Y.

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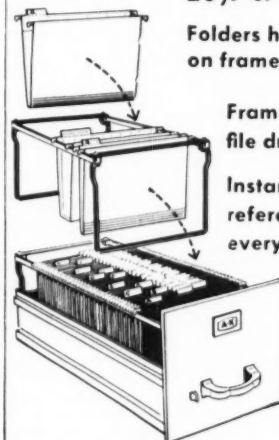
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## BALANCE

*Continued from page 14*

discovery of hitherto unsuspected talents and abilities.

Here is how we went about uncovering hidden ability. First, workers were asked to fill out a practical questionnaire on past experience. Then the foreman canvassed each member of his group probing for additional information and confirming the authenticity of the questionnaire. When the results were transferred to IBM cards we had an invaluable catalog of skills for staffing defense production lines.

Although we have undertaken defense work requiring some specialized skills with which we had had no experience, we have been able to staff four out of five of our defense jobs with employees transferred from civilian production lines. It would be difficult to estimate the favorable impact this has had on employee morale.

Through this system of transfers and a skillful balancing of the work force with anticipated civilian schedules, our industrial relations people have succeeded in avoiding plant shutdowns during the period of materials restrictions and defense tooling.

A point to emphasize is that a business must be highly flexible in its dual economy planning in order to adjust the civilian defense ratio as called for. In the last 90 days defense activity has been scaled down with many manufacturers going out of the picture or placed on a standby basis. As a result, defense operations have become highly competitive, placing emphasis on manufacturers that can meet schedules on time.

There are many other problems facing management in this critical period. Some relate to hiring and training skilled employees; others to alternate materials programs. However, I would like to turn to the area of marketing which, in my opinion, is the most important civilian phase of our dual economy.

If we take a good look at marketing, I think we will have to conclude that it is probably the most doubtful element in American business to-day. Certainly it is the least tried.

Right now American industry is far



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**all the facts your office  
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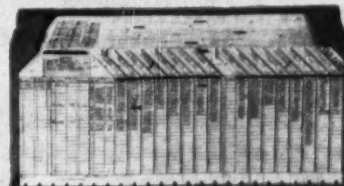
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**That's what they found out at Ford Motors, U. S. Rubber and many other large and small companies . . . VUE-FAX gives you faster reference, faster posting—with less personnel!**

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from being as strong in distribution as business of the last few years would indicate. We have to a considerable degree, been living in a fool's paradise. Marketing was sustained for almost four years in the post-war period by the huge backlog of demand built up during the war when 45 per cent of the national product went to the military. At that same time inflationary Government financing was creating a staggering accumulation of new buying power. When rising production and prices finally balanced off that backlog, and the pipelines filled up in 1949, industry after industry went into a tailspin.

### No Competitive Selling

What happened to business then was not hard to understand. Almost no salesmen had been developed for two decades. During the depression older men were retained on a seniority basis, and no young men were taken on. Then came the war, which completely stopped selling in consumer durables and made selling merely an order taking proposition in practically all other lines.

The first four post-war years were a continuous bonanza for order takers. Even those industries that tried found it almost impossible to develop real selling muscle in a market where the competition actually was among buyers instead of sellers.

The same circumstances affected dealers and retailers, sales managers and advertising. After the war, dealers without experience flocked into business. Most sales managers, like their salesmen, either had never felt the hot breath of competition on their necks or had had it easy for so long that they had lost what it takes. Advertising, which had spent the war pounding its chest in institutional copy, and the years immediately after the war riding the boom, wasn't in any stronger position.

Perhaps most important was top management. Analyze it and you find that very little top management which has come into power within industry in the last ten years has a background of experience in marketing. This is a natural reflection of the fact that the emphasis in business has been overwhelmingly on production since 1940.

Now we are again coming into a



"A Family of  
Famous Names"

The Board of Directors of Avco Manufacturing Corporation has declared a quarterly dividend of 15 cents a share on the Common Stock payable June 20, 1952, to stockholders of record May 29, 1952.

R. S. Pruitt, Secretary

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April 25, 1952

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Choose the Famous

**CROSS**  
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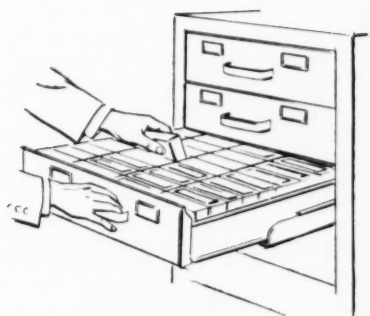
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Think of the time that would save! Again, with Burroughs Microfilming you can actually do it. Check-size documents can be microfilmed—front and back—faster than six per second!

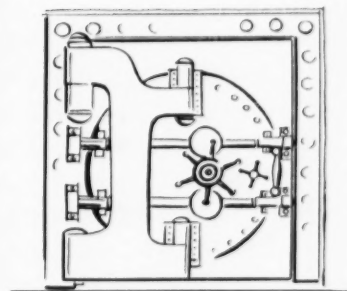


#### Copy papers with photographic accuracy?

Think of the mistakes that would save! And, Burroughs Microfilming really does. Makes reliable substitutes for the originals—true copies that are safe, permanent, easier to refer to and give double protection against error or misfiling.



Fast, thrifty recorder—gives you the economy of 8mm. photography on 16mm. film, *plus* the economy of a 37 to 1 reduction ratio! Photographs fronts and backs of documents simultaneously *or* fronts only at the flick of a switch.



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Think of the loss that would save! Burroughs Microfilm is compact enough to fit in fireproof vaults. Too, the perfect, tiny images cannot be altered or extracted without detection!

Burroughs Microfilming saves you space, time, mistakes and loss. Profits are made out of savings like these. Savings in payroll, equipment and film alone more than pay for Burroughs Microfilming. In fact, it amortizes itself in just a fraction of its useful life!

The modern, economical microfilm equipment sold and serviced by Burroughs is built by Bell & Howell—an acknowledged leader in the field of fine photographic equipment.

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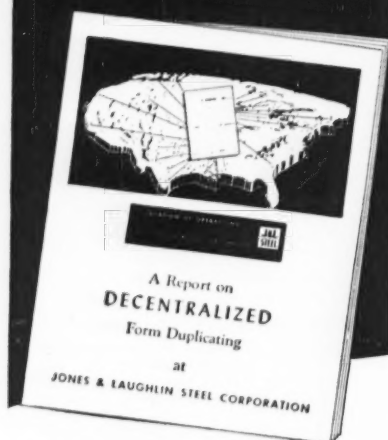


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The new, dry, revolutionary, direct positive xerography process using Xerox copying equipment, prepares offset paper masters in a matter of minutes for run off on Multigraph Duplicators and enables Jones & Laughlin to duplicate their hundreds of different forms easier, faster and cheaper than before.

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situation which may last for two years in which emphasis will be on procurement and production, and distribution will have to fight for manpower, for money, and for attention from top management.

### Danger Ahead

To me this is most alarming; particularly in its long-term implications. Unless top management recognizes the seriousness of the situation confronting marketing—and does something about it—serious trouble is going to face our basic economy down the road a year or two.

Management's approach to marketing should be positive and aggressive. In the initial stages of national rearmament many business men were under the impression that civilian output would be cut so drastically that marketing functions would return to the order-taking techniques characteristic of the immediate post-war years.

This situation did not materialize. Despite materials restrictions American engineering and manufacturing genius, through alternate materials programs and revisions in engineering specifications, once again demonstrated the ability to rise to the challenge, so we find ourselves again with plenty of materials and capacity to meet demands. This, coupled with the recent rescheduling or "phasing out" of defense goods makes it necessary that management place emphasis on revitalizing all phases of distribution and marketing.

The time is now here when we must



"Read the sign again, Jack, read it again!"



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Eliminate the time required for addressing, also chances of making errors.

Paycheck "Outlook" Envelopes are absolutely opaque; essential when wages are paid by check. Nothing shows but the employee's name. This improves personnel relations.

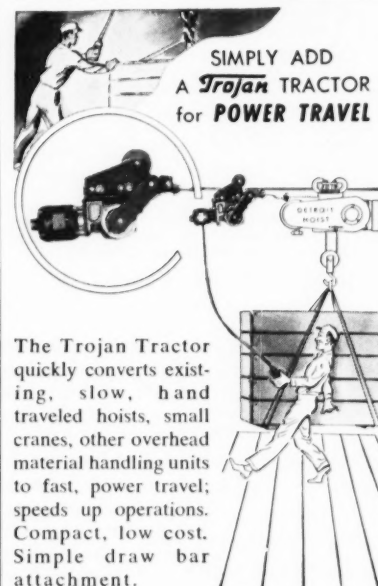
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THEN—you'll want to use "Outlook" envelopes for other purposes. All sizes and styles, with your choice of either glassine or cellulose transparency.

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**OUTLOOK ENVELOPE COMPANY**  
Originators of "Outlook" Envelopes. Est. 1902  
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The Trojan Tractor quickly converts existing, slow, hand traveled hoists, small cranes, other overhead material handling units to fast, power travel; speeds up operations. Compact, low cost. Simple draw bar attachment.

Mail this ad or the coupon for more information and Bulletin 810.

DETROIT HOIST & MACHINE CO.  
8203 Morrow St., Detroit 11, Mich.

Company \_\_\_\_\_

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again instill principles of sound selling in our retail ranks, supported by the most forceful factory merchandising programs we can bring to bear. And this need is not peculiar to the appliance industry alone, with which I am associated. It is needed in every line of business where the consumer is being asked to buy a product.

There must be an across-the-board up-grading of retail selling performance, and this can be achieved only through an objective analysis of the entire marketing structure, including the manufacturer and the wholesaler. The sales training job that was resumed after the last war is only begun. It is a continuing activity of prime importance in every line of business that requires top management's full support.

### Research Is Essential

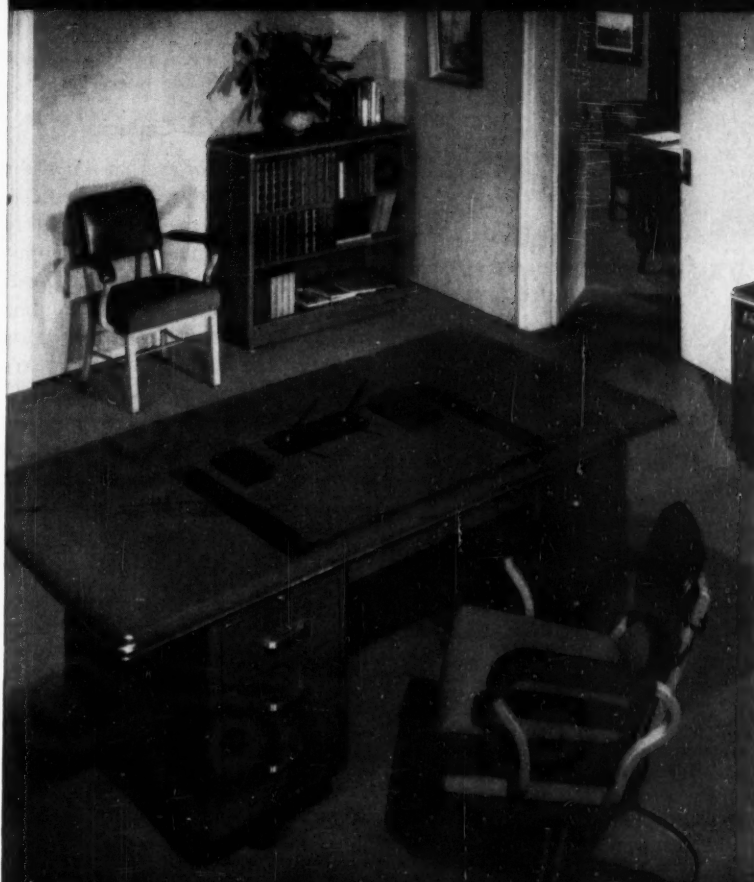
Management should make use of the full potential of market research in developing existing markets and exploring new ones. This should involve studies of sales performance by trade areas, a constant evaluation of consumer reaction to products, determination of the correct timing for introducing new models, and the many other market research functions that are directly related to distribution.

As costs of doing business steadily increase, management obviously is concerned with keeping budgets at the lowest possible level, commensurate with the company's objectives. This applies to marketing, along with other areas of business, but management should not make the mistake of reducing sales budgets to the point where merchandising, advertising, sales training, and promotion activities are shackled. In fact, current selling problems call for expanding these functions to the limit, and giving them increasing attention in the immediate future.

It is not, in my opinion, an overstatement to say that the very future of the American economic system depends on what is done now by those responsible for the marketing aspects of our economy.

Marketing has lagged far behind other functions in business in increasing efficiency during the last 25 years. During this period production costs have been cut in two while marketing costs have remained stationary. The

IN THE FINEST OFFICES... CRESTLINE, OF COURSE



## Conferences come in different sizes...

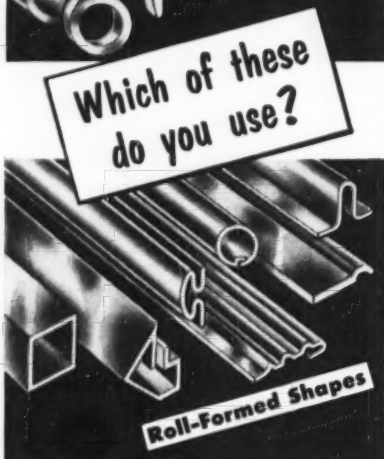
and CRESTLINE Office Furniture will take care of them all. A small meeting of four, five or six is comfortably and pleasantly arranged at the CRESTLINE Conference Desk, or a large board meeting goes well at the CRESTLINE Conference Table in the room beyond. Why not see for yourself what really comfortable equipment and surroundings

will do for your next meeting. We'll be happy to send you the name of your nearest Security CRESTLINE Dealer... no obligation, of course.



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next year or two will afford marketing a golden opportunity to explore and experiment with ways and means for improving the situation. There will probably never be a better time to eliminate weak links and streamline the whole distribution operation.

### A Record Capacity

We must not forget that when the production facilities of the nation have been expanded to the level planned to give us a butter plus guns economy, our capacity to produce civilian goods will be at a record high. We will then have within our grasp the opportunity to resume the building of the nation's standard of living.

Whether or not we succeed in doing so will depend largely on marketing. If marketing fails we will have the materials, the manpower, and the plants, but they will not be fully em-



ROBERTS PHOTOGRAPH

ployed. If marketing succeeds, we will resume the tremendous rate of progress in raising our standard of living which the threats and ambitions of communism have compelled us momentarily to check.

These are some of the more important steps the individual company might take in orienting to a dual economy.

As the Government's program for rearmament has unfolded, however, two facts have stood out increasingly. First we are not entering anything even approaching total mobilization; defense requirements are to absorb only a relatively small portion of the country's productive capacity.

Second, the cardinal aim is to expand capacity so that within a comparatively short time the economy will not only be in a position to maintain a large defense force, and if needed, going almost overnight to total mobilization,

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NO PEEK  
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TO ADJUST**

Large numerals and graduations on 8" dial elevated 32" from floor.

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SAVE 50%  
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Fitting any standard fork or platform lift truck, thousands of ROURA HOPPERS are in constant operation handling wet or dry, hot or cold, bulky materials. Simple to operate — only one man is required for distributing and unloading — quicker and easier.

The ROURA HOPPER dumps, rights and locks itself securely by a simple lift of the patented release handle. Sizes ½ to 2 cu. yds. ROURAS can also be designed for flat trucks and in other sizes to meet specifications—can be equipped with special flanges to permit stacking for storage or future distribution. The ROURA will quickly pay for itself many times over.

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but will also be able to turn out record breaking quantities of civilian goods.

Since this is the national blueprint it must also be the blueprint for each individual business. Therefore, it is our obligation to provide for mobilization, and for a healthy civilian economy.

This is a tremendous assignment, far more complex and difficult than total mobilization. In the past our nation has always had "all out" peace or "all out" war. We have no experience to guide us in establishing the fine balance that must be maintained in a dual economy. But achieve it we must. It is not an over-statement to say that doing so is the price of survival for the American political and economic system in to-day's distraught world. We must have military might, and we must have an economy of abundance in employment and in civilian goods.

In the end, success or failure in meeting these objectives will depend upon the productive and selling power of American business. I have every confidence that we will succeed if we reorganize all aspects of the problem and turn our full talent to its solution.

THE END

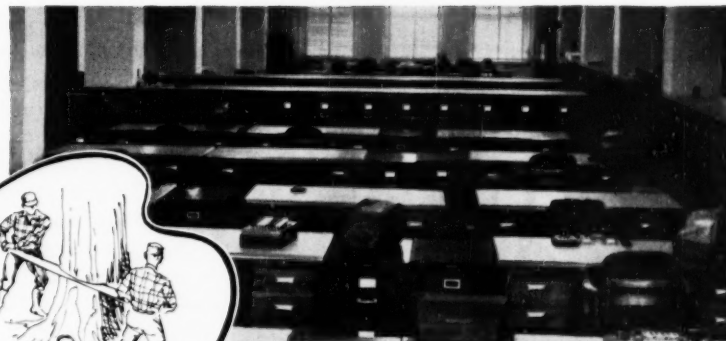
## ECA

*Continued from page 17*

be cut further to \$1.5 billion. This feat was accomplished roughly through a 50 per cent contraction of imports from this country and by doubling the exports to the United States.

To facilitate two-way trade, and thereby build healthier relationships, the various ECA missions established "contact clearing houses" which distributed through Western Europe complete lists of American importers. They also compiled directories for exporters in this nation to help them locate markets abroad.

One of the most direct causes for the striking trade shift is the creation of the European Payments Union (EPU). By establishing a system of multilateral settlement for currency transactions this efficient offshoot of the Marshall Plan



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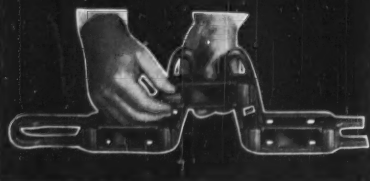


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has revived trade between the eighteen participants and, in so doing, has eased the load on the American taxpayer.

Through enabling the Western European partners to transfer their currencies freely by means of a credit pool, EPU has permitted members to trade such critical products as coal and wheat which previously had to be purchased almost entirely from the United States.

Because of the more even distribution of goods in Western Europe, ECA has been able to concentrate on assisting member nations in the mining of strategic ores and production of military items essential to our common defense efforts. This has relieved some of the burden on the American economy.

### Trade Controls Reduced

The stepped-up trade within the EPU also has inspired a general relaxation of import and travel barriers. Restrictions have been withdrawn on imports covering 75 per cent of the items exchanged among participants. The tendency to reduce controls subsequently spread to other parts of the world, notably the Western Hemisphere, which received a decided lift from the \$2.5 billion of additional exports resulting from the ECA offshore procurement program. Through this device, suppliers in other countries were paid with ERP dollars for shipments to Western Europe.

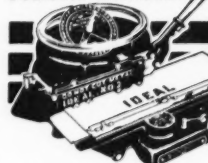
When the Marshall Plan commenced in 1948, it was generally conceded that Congress would be asked to appropriate \$17 billion to complete the project by 1952. The fact that it was necessary to allot only \$12.5 billion is largely attributed to the 60 per cent increase in intra-European trade resulting from EPU.

Like other co-operative undertakings EPU also has had its ups and downs. It met the first challenge successfully when Germany was faced with huge debit balances and now is again threatened because of massive credit balances accumulated by Belgium and Switzerland. Excluding the United Kingdom, whose financial aid under ECA was suspended at the end of 1950 after receiving \$2.8 billion, EPU is nevertheless indirectly responsible for a \$2 billion reduction since 1947 in the over-all unfavorable trade balance of the member countries with the rest of the world.

As the three original objectives in the



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economic recovery of Western Europe were being attained, it became apparent that the welfare of democratic nations was linked throughout with the promotion of new forms of co-operation. It was not long, however, before attempts to co-ordinate the long-term economic programs of the ERP constituents, such as providing a single market of 270 million persons, establishing a common currency, or becoming one huge customs union, had to be abandoned. Because of differences in language and tradition, political unification was practically impossible.

#### A Step Toward Unity

The Marshall Plan, with its European branches such as OEEC, EPU, and even the Schuman Plan, however, was the first concrete proof in modern times that eighteen individual governments could work together as one economic unit. From it was born the integration of the West that we know to-day as the North Atlantic Treaty Organization (NATO). Undoubtedly this is the most important by-product of the Marshall Plan. Historians are likely to remember it more for its pioneering in unification than for its humanitarian or reconstruction aspects.

The type of integration found under the Marshall Plan is now the backbone of the defensive strength mutually sought under NATO. It too must be based upon the co-operation and self-reliance of the individual members, as well as upon a web of sound economic and financial action. Unity of the ERP partners inspired confidence, restored national pride, and bolstered such bor-



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with Receivables*

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derline cases as Italy to contain communism from within. Unity of NATO is the core of our hopes to resist aggression from without.

When approval of the Marshall Plan was first debated in Congress, public reaction demanded that Europe contribute to its own salvation. The average United States taxpayer was willing to lend aid only if he were assured that the Western European countries would help themselves.

### A Measure of Self-Help

To demonstrate their capacity for self-support, each of the eighteen partners was required to deposit in a special account its own local currency in an amount commensurate with the dollar cost of the grants received. These balances were known as "counterpart funds," 95 per cent of which was available for use only after ECA had given its approval. The remaining 5 per cent was reserved by the United States to help defray administrative expenses and to purchase or develop strategic materials for our own stockpiles.

By the end of the Marshall Plan, the dollar equivalent of approximately \$10 billion had been withdrawn by the participants, with roughly 55 per cent going for promotion of production and 30 per cent employed for monetary stabilization. Under the counterpart funds mechanism, the Marshall Plan has been realistically a self-help program. Instead of completely relying on the United States for raw materials, the member nations frequently found local means to stimulate industry or exploit new resources.

The use of these funds has varied widely, but always under ECA guidance toward the most productive and essential fields. In France, the bulk of the counterpart money went to electric power facilities; in Italy, to railroads and transportation. Greece, on the other hand, channelled huge amounts first for care and rehabilitation of refugees and later for housing settlements.

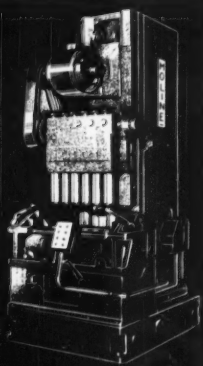
To combat inflationary pressures, England and Norway were forced to use their counterpart funds almost entirely to retire their public debt. In the latter, the "occupation account" was reduced to cut the rising money in circulation. A unique approach to the

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problem of financing expansion was employed by the Netherlands in the utilization of counterpart guilders to convert savings and insurance into risk capital.

### Aid for Agriculture

In an effort to modernize agriculture, most of the Western European partners set aside large counterpart sums for land reclamation and advisory services to farmers. Both contributed enormously to the over-all boost in farm output. Portugal is building two key dams for power projects, while in Germany, where capital investment has absorbed the funds, there is now a plan afoot to pay off the annual interest and amortization due on war claims.

Since the economic health of the European nations and American prosperity are closely linked, Congress, not foreseeing the need of a Mutual Security Agency by 1952, looked for pri-



DEVANEY PHOTOGRAPH

vate United States investment to take the place of the Marshall Plan when it was terminated. To encourage American business men to risk their capital in Western Europe, ECA was empowered to issue industrial guarantees to new investors.

While only about one-fourth of the \$200 million allotted has been used, a cross-section of all types of United States firms has taken advantage of the safety features. These enable as much as 175 per cent of original capital and earnings to be freely converted to dollars from foreign currency and assure reimbursement against expropriation or confiscation. Because of the gaps in scientific and educational progress suffered by Marshall Plan members during World War II, the investment guarantee program especially benefitted numerous United States publishing companies.

Although the wars in Korea and

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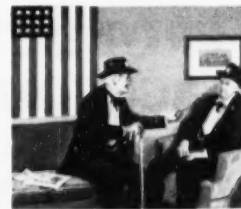
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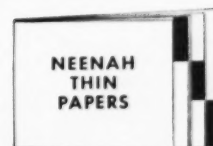
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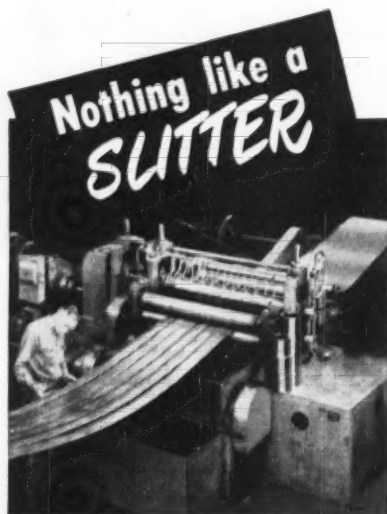
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Indo-China did not affect the fundamental purpose of ECA, a certain reorientation was necessary in the application of funds. To meet the requirements in the sudden transition from internal subversion, which had especially penetrated France and Italy before ERP raised living standards, to armed aggression from outside, Congress in 1951 included the China Area Aid Act and later the India Emergency Food Aid Act in ECA. Under the former, roughly \$300 million has been authorized to six countries of the Far East, most of whom recently emerged from colonial status.

### New Light in the East

These recipients, rich in natural resources but relatively poor in industry, already have netted particularly important gains in agricultural production through ECA technical assistance and equipment. The steel plow and hoe have replaced the bent stick, while prime livestock strains and fertilized soil have become common. In return, the United States has had access to new tin, cobalt, lead, zinc, copper, and bauxite mines, with the counterpart funds device used so thoroughly in Europe paying off nicely in the Far Eastern operations.

In the five years since General Marshall's ringing challenge to the West of assistance with self-help, there has been a substantial degree of over-all success. The three original economic goals have been virtually accomplished. General Marshall himself describes ERP's achievements as a "near miracle." The American taxpayer shouldered less of a burden than originally anticipated and, at the same time, the program acted as a steady prop for home production and exports.

However, aggression in the Far East has prevented the participating members from entirely balancing their international accounts with the rest of the world. The Mutual Security Agency maintains that financial aid is still a necessity. It has earmarked \$546 million for actual economic and technical assistance and unquestionably will also direct a big share of the estimated \$1.5 billion for so-called "defense support" toward further economic development. The total expenditure, nevertheless,

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**A.** Steel for our country's military program and civilian economy is being produced at the annual rate of 107,000,000 tons in 1951 . . . 119,500,000 tons expected in 1952. Steel-making capacity is being increased now to meet those quotas.

## What Do I Get For My Scrap?

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**Q.** How does scrap figure in the production of steel?

**A.** Steel is composed, generally speaking, 50% of pig iron, 25% of "production" scrap (that is, the scrap which is produced as a by-product of steel-making) and 25% of "purchased" scrap.

**Q.** Is scrap getting scarce?

**A.** Yes. The supply of *purchased* scrap is not increasing fast enough to meet the needs of increasing steel production.

**Q.** What if the needed scrap isn't obtained?

**A.** Open-hearth furnaces will not be

able to operate at capacity. That will mean a loss of steel production . . . and fewer products made of steel.

**Q.** Why not use pig iron instead of scrap?

**A.** Every ton of scrap conserves approximately 2 tons of iron ore, 1 ton of coal, nearly  $\frac{1}{2}$  ton of limestone and many other vital natural resources—to say nothing of the extra transportation facilities that would be otherwise required.

**Q.** How can *more* scrap be furnished?

**A.** By everybody pitching in—as we always do in every emergency—and searching out all possible sources of scrap.

**Q.** What are these sources?

**A.** Metal-fabricating plants normally



*Every pound of idle metal is needed to keep our steel mills operating at top capacity. Sell your idle metal to a local scrap dealer right away.*

turn over to scrap dealers the scrap left from machining. But there's not enough of this to fill our present enormous need. So everybody—both in and out of the metal-fabricating industries—must sell scrap in the form of *idle metal*.

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**Q.** *We don't produce* scrap—how can we help?

**A.** Scrap is any kind of iron and steel that's gathering dust—obsolete machines or structures, jigs and fixtures, pulleys and wheels, chains and track, valves and pipe—*anything* with rust on it or dust on it. Non-ferrous scrap is needed, too.

**Q.** What do we do with it when we find it?

**A.** Use your normal channels or get in touch with a recognized scrap dealer.

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The future of overseas aid is a highly controversial issue, but on the history of ERP there is cause for self-satisfaction. Measured against the risks of a third World War had the Marshall Plan not survived, the dollars contributed toward the rebuilding of Western Europe may some day be called one of America's most profitable investments.

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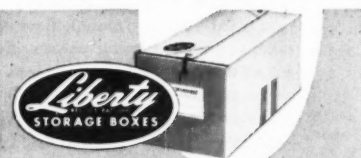


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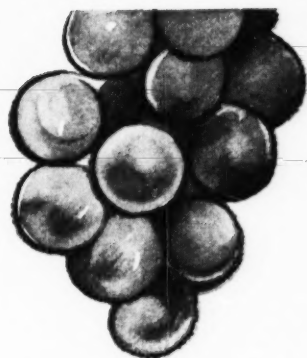
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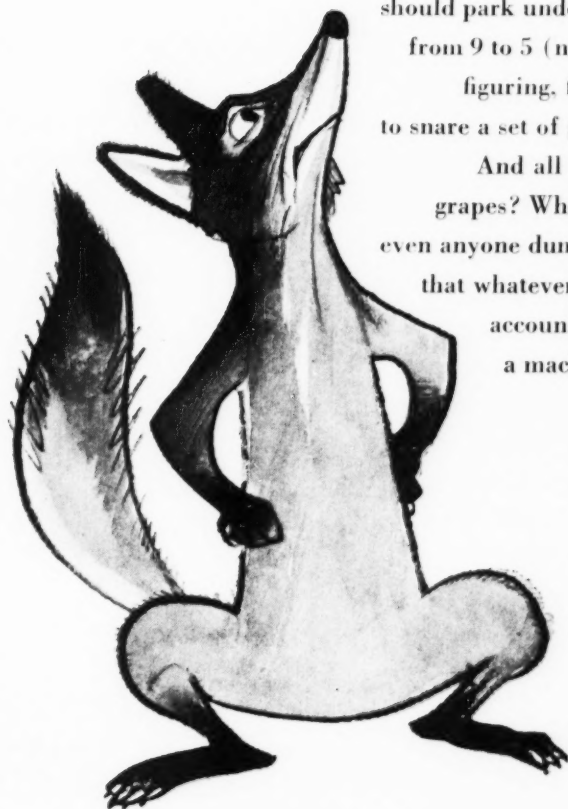


## dumb like a fox . . .

In our humble opinion, the intelligence of Reynard is vastly overrated.

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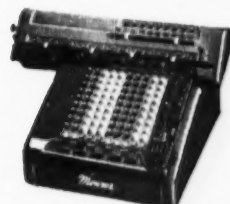


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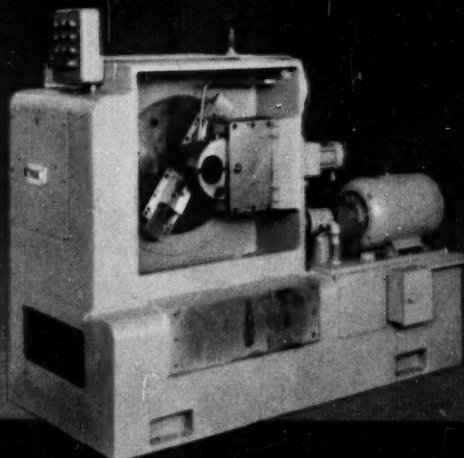
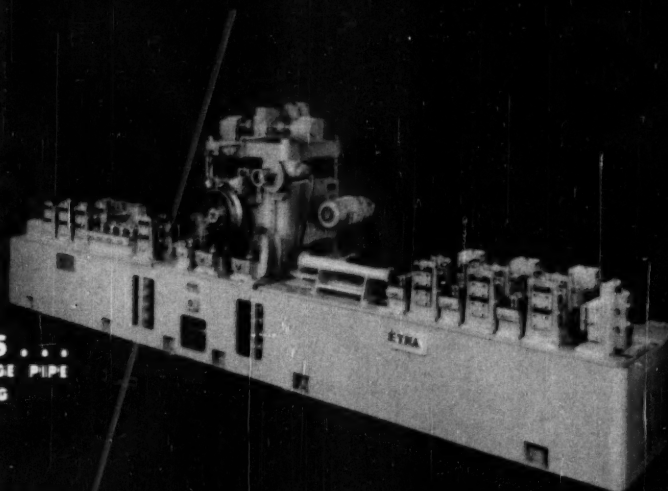
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